

IMPLICATIONS OF A NUCLEAR AGREEMENT WITH IRAN (PART III)

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS FIRST SESSION

JULY 23, 2015

Serial No. 114–81

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/> or
<http://www.gpo.gov/fdsys/>

U.S. GOVERNMENT PUBLISHING OFFICE

95–636PDF

WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON FOREIGN AFFAIRS

EDWARD R. ROYCE, California, *Chairman*

CHRISTOPHER H. SMITH, New Jersey	ELIOT L. ENGEL, New York
ILEANA ROS-LEHTINEN, Florida	BRAD SHERMAN, California
DANA ROHRABACHER, California	GREGORY W. MEEKS, New York
STEVE CHABOT, Ohio	ALBIO SIRES, New Jersey
JOE WILSON, South Carolina	GERALD E. CONNOLLY, Virginia
MICHAEL T. McCAUL, Texas	THEODORE E. DEUTCH, Florida
TED POE, Texas	BRIAN HIGGINS, New York
MATT SALMON, Arizona	KAREN BASS, California
DARRELL E. ISSA, California	WILLIAM KEATING, Massachusetts
TOM MARINO, Pennsylvania	DAVID CICILLINE, Rhode Island
JEFF DUNCAN, South Carolina	ALAN GRAYSON, Florida
MO BROOKS, Alabama	AMI BERA, California
PAUL COOK, California	ALAN S. LOWENTHAL, California
RANDY K. WEBER SR., Texas	GRACE MENG, New York
SCOTT PERRY, Pennsylvania	LOIS FRANKEL, Florida
RON DeSANTIS, Florida	TULSI GABBARD, Hawaii
MARK MEADOWS, North Carolina	JOAQUIN CASTRO, Texas
TED S. YOHO, Florida	ROBIN L. KELLY, Illinois
CURT CLAWSON, Florida	BRENDAN F. BOYLE, Pennsylvania
SCOTT DESJARLAIS, Tennessee	
REID J. RIBBLE, Wisconsin	
DAVID A. TROTT, Michigan	
LEE M. ZELDIN, New York	
DANIEL DONOVAN, New York	

AMY PORTER, *Chief of Staff* THOMAS SHEEHY, *Staff Director*
JASON STEINBAUM, *Democratic Staff Director*

CONTENTS

Page

WITNESSES

The Honorable Robert Joseph, Ph.D., senior scholar, National Institute for Public Policy (former Under Secretary of State for Arms Control and International Security)	4
Mr. Mark Dubowitz, executive director, Foundation for the Defense of Democracies	15
Mr. Ilan Goldenberg, senior fellow and director, Middle East Security Program, Center for a New American Security	49

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

The Honorable Robert Joseph, Ph.D.: Prepared statement	7
Mr. Mark Dubowitz: Prepared statement	18
Mr. Ilan Goldenberg: Prepared statement	51

APPENDIX

Hearing notice	100
Hearing minutes	101
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement	103

IMPLICATIONS OF A NUCLEAR AGREEMENT WITH IRAN (PART III)

THURSDAY, JULY 23, 2015

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 9 o'clock a.m., in room 2172 Rayburn House Office Building, Hon. Edward Royce (chairman of the committee) presiding.

Chairman ROYCE. This hearing will come to order.

This morning the committee continues to examine the nuclear agreement that the Obama administration has arranged with Iran, and we have a 60-day congressional review period.

Yesterday, Members of the House attended a closed briefing with Secretary Kerry on this very consequential agreement. And we will begin to hear the case publicly today as Secretary Kerry testifies before the Senate. Myself and Mr. Engel led the briefing yesterday in closed session with the House with Secretary Kerry, but he will appear before this committee next week.

What is clear from yesterday's briefing—and clear from reading the testimony of our witnesses today—is that the administration has its work cut out making one particular case to this body, and that is, is this in our long-term national security interest? All of us want a verifiable and a lasting agreement, and that is what we are looking at.

But are the temporary constraints on Iran's nuclear program, the 10-plus years' constraints, worth the price of permanent sanctions relief? And if Iran does cheat—they have, by the way, cheated on every agreement that I know of that they have made in the past—if they do, could sanctions developed over years be put quickly back in place?

As we will hear from one sanctions expert today, this deal eviscerates the sanctions web that was putting intense pressure on the regime up until the interim agreement when we lifted those sanctions and they began to get \$700 million a year. Virtually all economic, financial, and energy sanctions under this agreement now disappear. This includes not only sanctions on Iran's nuclear program, but key sanctions on the bad banks that have supported Iran's terrorism and ballistic missile development.

In return? Iran is not required to dismantle key bomb-making technology. It is permitted a vast enrichment capacity, and it is allowed to continue its research and its development to gain an industrialized nuclear program, once parts of this agreement begin to

expire in as little as 10 years. And just to quote the President on this, he said of his own agreement, "In year 13, 14, 15, Iran's breakout times would have shrunk almost down to zero."

And with tens of billions in near instant sanctions relief, it defies logic to think that somehow this money will not bolster Iran's worldwide campaign of terror. With this agreement, the head of Iran's elite Quds Force, responsible, by the way, for the death of hundreds of American troops, this individual gets removed from a key sanctions list. The Iranian Revolutionary Guard Corps under this agreement is a winner. Hamas will be able to rebuild its tunnels faster, and Hezbollah will get more powerful weapons. And you have all seen in the last month reporting on Iran's commitment to both of those institutions, to resupply rockets, missiles, special precision guidance for Hezbollah missiles, and its commitment to rebuild the tunnels under Israel. So it is no wonder that Israelis left, right, and center oppose this agreement.

Even more troubling to us here in the United States is that Iran—with the backing of Russia—won an 11th hour concession to remove international restrictions on its missile program in 8 years, and conventional arms in 5. Of course Russia doesn't care—they will be making hundreds of millions of dollars in arms sales—and the missiles are not going to be aimed at Moscow. What the Russians have is the capacity to sell to the Iranians—and this is what they want to do—targeting information, frankly. And as the Secretary of Defense just testified, "The 'I' in I.C.B.M. stands for intercontinental, . . . which means flying from Iran to the United States." He said that is why we do not want that kind of capacity to be transferred. Countries build I.C.B.M.s for one reason, and that is to deliver nuclear weapons.

At the same time that the restrictions on Iran's missile program come off, so do sanctions on the Iranian scientists involved in their bomb work. This of course is a deadly combination. "Iran's Oppenheimer" gets a reprieve. A German citizen involved in the A.Q. Khan network has his sanctions lifted. It is difficult to see how amnesty to nuclear proliferators helps us.

In our hearing last week, many members expressed concerns about the adequacy of the inspections allowed under this agreement. The administration settled for a 24-day process, but this week a former top international inspector expressed great skepticism that this would give inspectors what they need. And as a former CIA director testified to us last week,

"Our national technical means won't be sufficient for verifying this agreement. Without an invasive inspection regime, I would not tell you we will know enough to give you sufficient warning. So that really puts the weight of effort on the IAEA's ability to go anywhere at any time."

I now turn to the ranking member for any opening statement he may have.

Mr. ENGEL. Well, thank you. Thank you, Mr. Chairman. Thank you for calling today's hearing, and thank you for your steady leadership of this committee.

Welcome to our witnesses. Congress established the 60-day review period, so that we could take the necessary time to thoroughly

assess the deal on Iran's nuclear program. It is important that we get input from a range of voices, and we are grateful for your time. So thank you for coming to testify here this morning.

We have now had a few days to look at this deal. We have heard from Secretary Kerry, Secretary Lew, and Secretary Moniz behind closed doors yesterday. Next week we will hear from them again right here in this committee. And, obviously, this is a very complex agreement. It is possibly the most important issue some of us will ever deal with as Members of Congress. It demands close analysis and informed deliberation.

While I am still reviewing the agreement, I must say I do have some serious questions and concerns about certain aspects of the deal, and I am going to get right to them.

First of all, I would like to know more about access to undeclared sites. The administration has assured us that no site is off limits for the inspectors. That is a good thing, but inspectors are unlikely to have on demand access to undeclared sites. Iran can take 14 days to comply with an IAEA request for access. That is problematic.

Suppose after that Iran still blocks the way. Members of the Joint Commission could take another 7 days to resolve the IAEA's concerns. Iran then has 3 more days to provide access. And if Iran continues to say no, another month could go by while the dispute resolution mechanisms run their course. My concern is that Iran could use that time period to sanitize sites and avoid detection if they are breaking the rules.

Secondly, I would like to look at the arms embargo and ballistic missile sanctions. For months and months, we were told these programs were off the table. But under the agreement, the embargo will be lifted in a few years. To me, that seems like throwing fuel on the fire. If the deal goes forward, we need to think long and hard about what steps we can take to prevent Iran from causing even more trouble in the region once these restrictions are lifted.

On the topic of sanctions relief, I am concerned about what Iran will do when sanctions are phased out and the spigot is turned back on. Iran is obviously a bad actor. This is a regime that orchestrates coups, supports terrorist groups, violates the human rights of its own people, and projects instability and violence across its neighborhood.

Iran may use these new resources, tens of billions of dollars, to improve the lives of the Iranian people. But I am willing to bet such programs won't come at the expense of Hezbollah, Shiia militias, Hamas, or the Assad regime. How can the United States help mobilize an international effort to stem the flow of resources to Iran's violent and dangerous allies?

Next, I am concerned about what happens when the research and development ban is lifted. For 8 years, Iran is limited in its development of advanced centrifuges. Without these limits, Iran could quickly reduce its breakout time or develop a covert program. But after year 8, Iran can quickly move toward the, and I quote, "next stage of its enrichment activities." After that part of the deal expires, is there anything we could do to prevent Iran from making rapid progress on its nuclear technology?

Finally, I have a fundamental concern that 15 years from now Iran will essentially be off the hook. If they choose, Iran's leaders could produce weapons grade highly enriched uranium without any limitation, and they can do so faster than they could before with more advanced centrifuges.

What can we do to ensure that we just don't find ourselves in the same place we are today in the year 2030? Because the truth is, after 15 years, Iran is legitimized as a threshold state. After year 15, there are no restrictions on producing highly enriched uranium. That is troublesome.

As we consider these issues, and people will say, "Well, what this does is it doesn't prevent Iran from having a nuclear weapon; it just postpones it." That is trouble for me.

As we consider these issues, we must ask ourselves an important question as well to be fair. What is the alternative to this specific deal? If this deal doesn't go forward, can our sanctions regime and the P5+1 coalition hold? Would renewed pressure bring the Iranians back to the table if this deal fails? Would new sanctions have to be coupled with military action? I hope as our witnesses testify today they bear that context in mind.

So I look forward to hearing from all of you, and I thank you again for your testimony and your time, and I yield back, Mr. Chairman.

Chairman ROYCE. Thank you, Mr. Engel.

This morning we are pleased to be joined by a distinguished panel. Ambassador Robert Joseph is a senior scholar at the National Institute for Public Policy. Previously, Ambassador Joseph served as the Under Secretary of State for Arms Control and International Security at the Department of State.

Mr. Mark Dubowitz is the executive director at the Foundation for the Defense of Democracies. He is the author of 15 studies examining economic sanctions.

Mr. Ilan Goldenberg is a senior fellow and director of the Middle East Security Program at the Center for New American Security, and previously Mr. Goldenberg served as the Chief of Staff to the Special Envoy for Israeli-Palestinian Negotiations at the Department of State.

So, without objection, the witnesses' full prepared statements are part of the record, and members will have 5 calendar days to submit statements or questions or any extraneous materials for the record here.

And, Ambassador Joseph, please summarize your remarks.

**STATEMENT OF THE HONORABLE ROBERT JOSEPH, PH.D.,
SENIOR SCHOLAR, NATIONAL INSTITUTE FOR PUBLIC POLICY
(FORMER UNDER SECRETARY OF STATE FOR ARMS CONTROL AND INTERNATIONAL SECURITY)**

Mr. JOSEPH. Good morning, Chairman Royce, Congressman Engel, other distinguished members. Thank you for the invitation to testify this morning before the committee on the nuclear agreement with Iran.

It is a true privilege for me to be able to provide my views and recommendations. In my prepared statement, I identify what I call five fatal flaws to the agreement. Ineffective verification that will

not detect and will not deter Iran from cheating at suspect sites. Providing Iran with a path to nuclear weapons, not just enrichment, but also plutonium. The only commitment that Iran has is not to reprocess plutonium for 15 years. After that, if it decides to do so, it can. Third, busting the sanctions regime. Fourth, failing to prevent breakout. And, fifth, failing to limit Iran's ballistic missile force.

I also identify four strategic consequences—more proliferation in the region; undermining the international nonproliferation regime; enabling a more capable, aggressive, and repressive Iranian regime; and increasing, not decreasing, prospects for conflict and war in the region.

Given the profound national security implications for the United States and our friends and allies, I believe this is truly a historic moment. And at this moment, I don't think one can overstate the importance of the congressional review and action on the agreement.

And here I would make four recommendations for your consideration. First, Congress should vote on the agreement and reject it if it decides that it is a bad agreement. And I think the metrics are very clear for deciding whether it is good or bad. Is it effectively verifiable? Does the agreement deny Iran a nuclear weapons capability? Does the agreement, following the expiration of the constraints placed on Iran, prevent Tehran from building a nuclear weapon in a short period of time? And is there a meaningful, phased relief of sanctions? And are there guaranteed snapback provisions?

Because the answers to all of these questions in my assessment is no, I think it is important for Congress to reject the agreement and in its place insist on a return to the negotiating table to seek an outcome that meets U.S. national security goals.

Second, Congress should, to the extent that it can, with regard to congressionally imposed sanctions, tie incremental relief to the fulfillment of Iran's commitments.

Third, if the agreement moves forward, Congress should make clear that any cheating will result in the immediate termination of the agreement. We know that Iran will cheat. Unfortunately, it appears that the Obama administration may well seek to explain away non-compliant behavior as it has reportedly done with Iran's failure to meet its obligations under the initial joint plan of action.

For this reason, I would recommend that Congress establish a Team B of outside, non-partisan experts, with access to the highest levels of intelligence to assess Iran's compliance with all provisions of the agreement.

And, fourth, Congress should move forward with funding to expand missile defense, both in the region and against the emerging Iranian nuclear armed I.C.B.M. class missile threat.

To conclude, I have often heard the argument that despite its many flaws, we should go along with this agreement, because it is the best that we can do, and because it is as good or better than previous agreements. But based on my experience, in one case as head of the negotiations with Libya over its nuclear weapons program, I know this is not the best that we can do.

I think that Libya does demonstrate that we can do a lot better. With Libya, we demanded unfettered, anywhere, anytime access to all sites. When we said we wanted to go somewhere, the Libyans took us there, without delay and without obstruction. And we removed the program by sending over a ship, by loading up hundreds of metric tons of nuclear equipment, and we also loaded up their longer range ballistic missiles on the same vessel, and we sailed it back home. And that was the end of the Libyan nuclear program.

Now, I am not comparing Libya and Iran. Iran is different from Libya. Iran is different from North Korea. All of these cases are different and in some ways unique. But I think what Libya tells us, at least what it tells me, is that we need to approach negotiations with these types of rogue regimes using all tools available. This is not a choice between diplomacy or the use of force, or diplomacy or economic sanctions. We need to integrate these tools to support our negotiations, to put pressure on the other regime, to achieve the successful outcome of diplomacy.

In the talks with Iran, we violated every rule of good negotiating practice. This doesn't mean that it will be easy or cost- or risk-free to reject a bad deal with Iran. There are no cost- or risk-free alternatives. But the costs and risks of accepting this agreement far outweigh the alternatives of going back to the negotiating table.

Certainly, Russia will criticize us. It will criticize us as it continues its aggression against Ukraine. Certainly, China will criticize us for doing so, as it continues its own aggressive activities in the South China Sea. Even some of our allies will criticize us, but other allies, including Israel and the Arab States, will cheer us, some in private, some in public.

And with American leadership in close consultations, I am confident we can turn this around. At the end of the day, this is not about a popularity contest. It is about our national security.

Thank you very much.

[The prepared statement of Mr. Joseph follows:]

United States House of Representatives
Committee on Foreign Affairs

Implications of a Nuclear Agreement with Iran

July 23, 2015

Testimony Prepared By:

Dr. Robert Joseph

Former Under Secretary of State for Arms Control and International Security

Chairman Royce, Ranking Member Engel, other distinguished members present today: thank you for the invitation to testify before the Committee on the nuclear agreement with Iran. It is a privilege for me to provide my views and recommendations.

Five Fatal Flaws

(1) Ineffective Verification

President Obama has stated that the Joint Comprehensive Plan of Action (JCPOA) is not based on trust but on rigorous monitoring and verification. Iran has repeatedly proven itself a master of denial and deception in cheating on every nuclear agreement it has signed to date. The expectation, based on over twenty years of experience, is that Iran will cheat again if it can get away with it.

Unfortunately, the terms of the agreement do not provide for an effective means to detect or deter cheating, unless Iran decides to violate its commitments openly at declared facilities under IAEA monitoring. Here, the added access and information that Iran must provide under the Additional Protocol and other relevant provisions of the JCPOA would be beneficial. The problem is that Teheran is less likely to cheat in front of the international inspectors than at undeclared sites such as military bases where it has cheated in the past and where Iran's Supreme Leader has ruled out any inspections.

In fact, the suspect site provisions contained in the JCPOA – the managed access and the dispute resolution procedures – are significantly weaker than the measures contained in the standard Additional Protocol. Twenty-four hour notice is replaced by a 24 day notice. And if Iran continues to object, the procedures could result in additional delays of days or weeks before Iran is actually confronted with the choice of permitting access or having the case referred to the Security Council – something Iran has never seemed all that concerned about in the first instance. In short, instead of anywhere, anytime, unfettered access to places, people and documentation – all essential for effective verification – implementation of the JCPOA is dependent on Iran's cooperation.

(2) Providing a Pathway to Nuclear Weapons

Despite assertions to the contrary, the JCPOA does not cut off Iran's path to produce fissile material for nuclear weapons. It does not deny Iran a nuclear weapons capability – the longstanding U.S. goal in the negotiations. While it is preferable that Iran spin fewer rather than more centrifuges at Natanz and that its stockpile of low enriched uranium be limited to 300kg for the period that these restriction apply, the basic premise of the agreement remains

fundamentally flawed. Despite multiple UN Security Council resolutions demanding the complete suspension of all enrichment and reprocessing activities, the JCPOA leaves in place a large-scale enrichment infrastructure that could be used to achieve breakout. When the constraints do expire, Iran's enrichment program can expand qualitatively and quantitatively. Teheran can also decide to reprocess plutonium in the future. Thus, the JCPOA recognizes and accepts Iran as a nuclear weapons threshold state. It gives what was – and almost certainly still is -- an illicit nuclear weapons program an international seal of approval.

As for weaponization, actually fabricating a warhead, the November 2011 IAEA report identified 12 activities with potential military application – some, including a missile warhead design, that are only associated with producing a weapon. In the intervening years, Iran has consistently stonewalled the IAEA, denying it access to facilities, documentation and people to investigate these past and perhaps still ongoing programs. While the JCPOA requires Iran to implement yet another IAEA roadmap for resolution of these issues, there is little reason to think the result will be any different than on multiple previous occasions when Teheran made similar commitments that were then ignored.

(3) Busting the Sanctions Regime

A third flaw is the early relief of sanctions and the JCPOA “snap-back” provisions -- a clear triumph of hope over experience. It took over ten years for sanctions to have a substantial effect on Iran's economy. Once sanctions are further loosened and most ended, it will be extraordinarily difficult to restore them. We will have given up our leverage and will be dependent on Russia, China and others, including friends, with commercial interests in continuing to do business with Iran. There are procedures that suggest sanctions will be reconstituted if violations occur, although perhaps as long as 85 days after the fact. But there are many detours that could delay imposition and, once the restrictions are lifted in 10-15 years, the option of restoring effective sanctions is for all practical purposes removed altogether.

(4) Failure to Prevent Breakout

Also deeply flawed is the notion of extending the breakout time from two or three months to twelve. Following the end of restrictions on Iran's enrichment program, we will be in a worse situation with an even more capable Iran, operating thousands of advanced centrifuges. If a 2-3 month breakout time is unacceptable today, why is it acceptable in 10-15 years?

Moreover, unless Iran begins breakout at a declared facility under IAEA monitoring, how will we know when the clock begins? Despite assertions that we will know when Iran decides to go nuclear, our track record suggests the opposite, especially in a covert “sneak-out” scenario. In

the past, we were caught off guard at the timing of the first Soviet nuclear test, the first Chinese nuclear test, and the Indian and Pakistan nuclear tests. More recently, and more directly related, we debated for years whether North Korea had constructed a uranium enrichment facility – a debate that ended only when Pyongyang announced that it had begun production of highly enriched uranium for weapons and invited an American nuclear scientist to visit the site.

Finally, even if we did know when breakout began, what response can we realistically expect to occur? The likelihood, based on previous experience, is that months will go by until there is an internal U.S. consensus that a violation has taken place. More months will go by as the international community deliberates about how to respond. Consider two recent examples of how long these matters take: it took nearly four years for the IAEA Board of Governors to refer the Iran nuclear issue to the UN Security Council and it took years for the U.S. government to conclude that Russia had violated the INF Treaty, despite clear-cut evidence in both cases.

(5) Failure to Limit Ballistic Missiles

One line of argument used to justify the shift in the U.S. position from including ballistic missiles to excluding them in the negotiations was that, if Iran's nuclear weapons capability is precluded by the terms of the agreement, the threat of a nuclear-tipped ballistic missile also goes away. However, in light of Iran's continuing efforts to develop longer-range ballistic missiles, including an ICBM capability, one might turn the argument around: if the agreement effectively blocks Iran's path to nuclear weapons, why would Tehran continue to work on a costly weapons system that could never be effectively armed?

Indeed, in February of this year, in the middle of the high stakes negotiations, the Iranians successfully orbited their fourth satellite. The technology that enables a space launch vehicle to launch a satellite is directly transferable to a long-range ballistic missile. Iran's willingness to move forward with the launch, given the timing, demonstrates its commitment to advancing its ICBM program, and its continued willingness to violate U.N. resolutions -- in this case, U.N. Security Council resolution 1929, which prohibits Iran from undertaking "any activity related to ballistic missiles capable of delivering nuclear weapons, including launches using ballistic missile technology."

In fact, there are a number of interrelated assumptions on which this argument – or, more accurately, this assertion – is based. It assumes that permitting Iran a large-scale enrichment capability is compatible with the goal of denying Iran the ability to produce weapons-grade fissile material; it assumes that the twelve month breakout time is meaningful; it assumes that the agreement will be effectively verifiable; and it assumes that the United States and the international community will respond to evidence of cheating before Iran can mate a nuclear weapon to a ballistic missile. None of these assumptions holds up under scrutiny. As a result,

the threat to the U.S. homeland and to our NATO allies of an Iran armed with nuclear tipped ballistic missiles will increase not decrease under the anticipated agreement. The threat will also increase to the Gulf Arabs leading to more proliferation in the broader Middle East and a greater risk of war.

Four Strategic Consequences

(1) Increased Prospect for Nuclear and Ballistic Missile Proliferation

For me personally, because I approach these issues from a nonproliferation perspective, one of the most significant negative consequences of the JCPOA is the increased likelihood of nuclear proliferation. As a result of Iran's greater capabilities and influence – reinforced by a growing skepticism among our allies about the U.S. resolve to defend their interests – other Gulf states may decide to acquire a nuclear threshold capability similar to Iran's. Saudi Arabia has already made clear that it will want what Iran is permitted. My sense is that these states, which may also include Turkey and Egypt and perhaps others, will want to ensure that they are not a step behind Iran – and the proliferation dynamic will be unleashed.

Moreover, because the United States and other P5+1 members have agreed to exclude ballistic missiles in the negotiations, the message to other rogue states will be that we are not serious about imposing costs for missile proliferation. This could be a further incentive for states seeking weapons of mass destruction to acquire ballistic missiles as a means of delivery. For Iran, it could encourage even closer cooperation with North Korea on the transfer of missile technology and perhaps in nuclear weapons field.

(2) Weakening of the International Nonproliferation Regime

Despite having been negotiated in the name of nonproliferation, the JCPOA undermines the international nonproliferation regime. The provisions relating to the timelines for suspect site inspections (permitting an initial delay of 24 days in place of a 24 hour notice) and the failure to firmly back the IAEA investigation of Iran's possible military activities undercut the authority of the Agency. Both may well be used by future proliferators as precedents to hide their activities and avoid penalties. American leadership of the international regime will also be weakened because of the abandonment of decades of U.S. policy discouraging the spread of enrichment and reprocessing activities. How can the United States credibly argue that Iran can have a large-scale enrichment capability but Saudi Arabia and other states, including allies such as South Korea, should not?

(3) A More Aggressive and Repressive Iran

With tens of billions of dollars in immediate sanctions relief, and massive more amounts to follow, Iran's military and Revolutionary Guards will have access to more resources for more missiles, for more weapons across the spectrum, for continued support to the Assad regime in Syria, and for more terrorist activities. The end of the arms and ballistic missile embargoes in five and eight years respectively, will only add to Iran's capabilities to intimidate its neighbors, enflame the Sunni-Shiite divisions, and support instability throughout the region.

The notion that Iran's leaders will become more moderate as a result of the nuclear agreement has no basis in fact. Following the conclusion of the negotiations, Iran's Supreme Leader again denounced the United States to cheers of Death to America. In his speech, he made clear that Iran would continue to support its allies in Syria, Iraq, Yemen, and Lebanon, and reaffirmed his support to terrorists groups dedicated to the destruction of Israel.

Iran's economy will benefit from the end of sanctions, with the likely result that the regime will be strengthened. This will enable it to continue, if not intensify, its brutal repression of all domestic opposition in the struggle for a free and democratic Iran. And with a nuclear weapons capability in waiting, Iran's leaders will be even more secure in persecuting their domestic opponents without fear of external intervention.

(4) Increased Prospect for Conflict

Assertions to the contrary aside, the nuclear agreement will likely lead to a greater chance of conflict and war. With increased military capabilities, and a nuclear weapons option that it can exercise when necessary, Iran may become even more aggressive in the region in promoting its theocratic and national goals – undermining long term American allies in a region of vital U.S. interests. With the U.S. pull out of Afghanistan and drawdown in Iraq, Iran is the prime candidate to become the preeminent power in the Gulf and beyond. And given the lifting of the embargoes on conventional arms and ballistic missiles, Iran's military capabilities will grow all the more, creating even greater incentive for Iran's Arab neighbors to increase their arms. Media reports indicate that the Obama Administration has already signaled that it will increase arms transfers to the region.

A bad agreement – one that does not end Iran's nuclear weapons capability -- may also compel Israel to do what it has sought to avoid for years – respond with force to eliminate an existential threat to its existence. Everyone wants a diplomatic resolution of the Iran nuclear threat, especially Israeli leaders. But an agreement that paves the way to a nuclear weapon – as Israel's Prime Minister characterized the JCPOA – may force Israel's hand.

Four Recommendations

- (1) Congress should vote on the agreement, and reject it if it is a bad agreement. As President Obama has stated, a bad agreement is worse than no agreement. The metrics to judge good from bad are straight forward:
- Is the agreement verifiable?
 - Does the agreement deny Iran a nuclear weapons capability – the longstanding declared goal of the United States and the international community?
 - Does the agreement, following the expiration of the constraints placed on Iran, prevent Teheran from building a nuclear weapon in a short period of time?
 - Does the agreement prevent or extend the breakout time in a meaningful way?
 - Is there a meaningful phased relief of sanctions and are there guaranteed snap-back provisions?

Because the answer in my assessment to each of these questions is “no,” it is important for the Congress to reject the agreement. In its place, Congress should insist on a return to the negotiating table to seek an outcome that meets long standing U.S. goals. This would send an important message that the Congress will not be boxed in by Security Council resolutions that circumvent the constitutional process and congressional oversight. It will also send an important message to Iran’s leaders that their self-declared victory in the negotiations will not stand in the future.

- (2) Congress should, to the extent that it can with congressionally imposed sanctions, tie incremental relief to the fulfillment of Iran’s commitments. The burden should rest on Iran to prove its compliance, not on the U.N. to prove its failure to comply.
- (3) Congress should make clear that any cheating – any failure by Iran to meet all of its obligations – will result in the immediate termination of the agreement. We know Iran will cheat. Unfortunately, it appears that the Obama Administration may seek to explain away noncompliant behavior as it has reportedly done with Iran’s failure to meet its obligations under the initial Joint Plan of Action. Here, the Congress should establish a “Team B” of outside nonpartisan experts with access to the highest levels of intelligence to assess Iran’s compliance with all provisions of the agreement. Team B efforts have been welcomed in the past, for example in evaluating the Soviet nuclear threat and Soviet arms control compliance, and have been found to be of value by the Intelligence Community in providing different perspectives and approaches.

- (4) Congress should move forward with funding to expand missile defenses in the region and against the emerging Iranian nuclear armed ICBM-class missile threat. The latter might include reinstituting Phase Four of the European Phased Adaptive Approach that was cancelled as a concession to Moscow. At a minimum, it should include moving ahead with a third interceptor site on the U.S. East Coast. The threat is real and the first priority is protecting the American people from attack.

Thank you for your consideration.

Chairman ROYCE. Thank you very much, Ambassador. Mark.

**STATEMENT OF MR. MARK DUBOWITZ, EXECUTIVE DIRECTOR,
FOUNDATION FOR THE DEFENSE OF DEMOCRACIES**

Mr. DUBOWITZ. Chairman Royce, Ranking Member Engel, members of this committee, on behalf of FDD and its Center on Sanctions and Illicit Finance, thank you very much for giving me the opportunity to testify. I am going to spend most of my testimony on the issue of alternatives and alternative scenarios, but I want to just reiterate that this is a deeply flawed agreement, that provides Iran with multiple pathways, patient pathways, to a nuclear weapon over the next decade to decade and a half.

Thanks to sunset provisions, a fundamental flaw of this agreement, Iran must simply abide by the agreement to emerge as a threshold nuclear power. Ambassador Joseph has said, at the end of this, it is an industrial sized enrichment program. It is near zero breakout. They have an easier clandestine sneakout pathway and an advanced ballistic missile program, including I.C.B.M.s.

The sanctions regime, the economic sanctions regime, is being dismantled while Iran's nuclear program is not. Iran will have hundreds of billions of dollars in sanctions relief, and it will use it to immunize its economy against future economic pressure.

One of the biggest problems of the deal is it grants Iran a nuclear snapback. The administration assures us that sanctions can be reconstituted, even under non-nuclear sanctions like terrorism. However, this final agreement actually explicitly acknowledges that Iran would walk away from the agreement if new sanctions are imposed, a nuclear snapback.

This provides Iran an insurance policy, even in the case of severe violations, and certainly in the case of small to medium sized violations, and gives Iran a powerful tool to stonewall the IAEA, undermine the dispute resolution mechanism, and deter U.N., EU, and U.S. snapbacks. Mr. Chairman, those are the problems. A revised deal is a solution.

Now, President Obama has repeatedly said no deal is better than a bad deal. Mr. Chairman, this is a bad deal. It undermines the use of economic leverage. It leaves military force as the only option in the future to stop Iran's nuclear weapons development.

So what are the alternatives? Well, the President clearly had a Plan B in mind during the negotiations or he would not have threatened to walk away from the table if Iran didn't agree to certain terms. Indeed, no responsible President would enter into negotiations, especially over something as critical to our national security, without an alternative. That alternative still exists—rejecting this deal.

Now, I want to go through three likely rejection scenarios. None are good. Each can be managed. Scenario Number 1 I call the Iranian faithful compliance scenario. In this case, after Congress rejects the deal, Iran decides to faithfully implement its commitments. It triggers U.N. and EU sanctions relief.

Now, in this case, the President has two options. First, he can rebuff Congress, and he actually can wield his executive authority to neutralize the Corker-Cardin statutory sanctions block and move

ahead with the deal. Or, second, he can persuade the Europeans to join the U.S. in demanding that key parts of the agreement be renegotiated on better terms, leveraging the power of U.S. secondary sanctions to keep companies and banks out of Iran.

Scenario 2 is called the Iranian walkaway scenario. In this case, Congress rejects the deal. Iran abandons its commitments. Now, if past is prologue, Iran will escalate its nuclear program, but it will do so incrementally, not massively, to avoid crippling economic sanctions or U.S. military strikes.

In this scenario, the President could use the power of secondary sanctions to persuade the Europeans to join a U.S.-led effort to isolate Iran again. EU sanctions would likely hold or, at a minimum, European companies and banks would be reluctant to reenter Iran.

Now, the administration has said in this scenario \$100 billion would go back to Iran. But let us clarify this. That money is being held in China, India, Japan, South Korea, and Turkey, and they are unlikely to release the \$100 billion in oil escrow funds for fear of U.S. sanctions, but also because those sanctions require Iran to spend the funds on goods from those countries. This is a boon to their exports. Why would they release the funds so that Iran can go take that money and spend it elsewhere?

Scenario 3, which I think is the more likely one. It is the divide the P5+1 scenario. This looks more like Iranian compliance, Iranian faithful compliance scenario, except the Iranians try and use diplomatic leverage to try and divide the Russians and Chinese from the West and the Europeans from the U.S. Iran still complies with the agreement to trigger U.N. and EU sanctions relief, but what it does is it exploits the P5+1 discord and remains obstinate on things like inspections and resolution of PMD issues and the pace of nuclear compliance.

Things get messy, though not to the point of escalation. The President threatens the use of new sanctions to keep countries and companies from normalizing with Iran, and he works to persuade the Europeans to join the U.S. in demanding that key parts of the agreement be renegotiated.

Now, none of these scenarios are ideal, but they are not likely to be disasters either, and they are better than this deal. Now, they depend on the use of American power, coercive diplomacy, economic sanctions, and force projection. And this is the point: If the President believes that the Treasury can enact effective economic sanctions in the future, then such an option surely exists today. In fact, it is a better option today when Iran's economy is still fragile and international investors have yet to return to Iran.

If the President believes, however, that the multilateral sanctions regime today cannot lead to an improved agreement, or that the U.S. cannot manage the fallout from the three scenarios I outlined, then he is actually admitting that we lack the economic leverage to enforce this agreement in the future when Iran will be an even stronger and more dangerous regime.

I would contend that we should test that proposition today rather than in the future when Iran will be at near-zero nuclear breakout with a hardened economy, an I.C.B.M. program, and greater regional power. At that point, a future President will be left with only two options: An Iranian nuclear weapon or military strikes to

forestall that possibility. Congress needs to weigh these two much more dangerous scenarios against the scenarios that I have outlined in considering whether or not to disapprove of this deal.

Mr. Chairman, thank you again for the opportunity.

[The prepared statement of Mr. Dubowitz follows:]

Congressional Testimony

**Implications of a Nuclear Agreement
with Iran**

Mark Dubowitz
Executive Director
Foundation for Defense of Democracies
Center on Sanctions and Illicit Finance

**Hearing before the
House Committee on Foreign Affairs**

Washington, DC
July 23, 2015



1726 M Street NW • Suite 700 • Washington, DC 20036

Mark Dubowitz

July 23, 2015

Chairman Royce, Ranking Member Engel, members of the Committee, on behalf of the Foundation for Defense of Democracies and its Center on Sanctions and Illicit Finance, thank you for the opportunity to testify.

This morning, I would like to address three of the major design flaws in the Joint Comprehensive Plan of Action (JCPOA):

1. The JCPOA effectively dismantles the U.S. and international economic sanctions architecture, which, in key areas, was designed to address the full range of Iran's illicit activities. The JCPOA also emboldens the most hardline element of the regime, Iran's Islamic Revolutionary Guards Corps (IRGC), which will be a major beneficiary of this agreement;
2. The JCPOA creates an Iranian "nuclear snapback" instead of an effective economic sanctions snapback. This "nuclear snapback" provides Tehran with the ability to immunize itself against both political and economic pressure, block the enforcement of the agreement, and diminish the ability of the United States to apply any sanctions, including even non-nuclear sanctions, against the full range of Iran's illicit conduct; and,
3. The JCPOA provides Iran with a patient path to a nuclear weapon over the next decade and a half. Tehran has to simply abide by the agreement to emerge as a threshold nuclear power with an industrial-size enrichment program; near-zero breakout time; an easier clandestine sneak-out pathway; an advanced long-range ballistic missile program, including intercontinental ballistic missiles (ICBMs); and hundreds of billions of dollars in sanctions relief to immunize its economy against future economic snapback sanctions, increase its conventional military power, and support terrorism and other rogue regimes.

ALTERNATIVES TO THIS NUCLEAR AGREEMENT

Instead of this current JCPOA, Congress should work with the Obama Administration to amend and strengthen the agreement so that it much more effectively "cut[s] off every single one of Iran's pathways"¹ to a nuclear bomb and retains tools of effective and peaceful sanctions enforcement against Iranian illicit behavior on multiple fronts. President Obama and his Cabinet have repeatedly said, "No deal is better than a bad deal."² In making this commitment, the president clearly had an acceptable alternative path in mind during the negotiations or he would not have threatened to walk away from the table if Iran didn't come to an agreement.³ It is

¹ Barack Obama, "Press Conference by the President," *The White House, Washington, D.C.*, July 15, 2015. (<https://www.whitehouse.gov/the-press-office/2015/07/15/press-conference-president>)

² For example, Barack Obama, "Remarks by the President in a Conversation with the Saban Forum," *Willard Hotel, Washington, D.C.*, December 7, 2013. (<https://www.whitehouse.gov/the-press-office/2013/12/07/remarks-president-conversation-saban-forum>); John Kerry, "Interview With Martha Raddatz of ABC This Week," *Washington, D.C.*, March 1, 2015. (<http://www.state.gov/secretary/remarks/2015/03/238051.htm>); Susan Rice, "Remarks As Prepared for Delivery at AIPAC Annual Meeting," *Washington, D.C.*, March 2, 2015. (<https://www.whitehouse.gov/the-press-office/2015/03/02/remarks-prepared-delivery-aipac-annual-meeting-national-security-advisor>)

³ For example, June 30, 2015, President Obama said that he would "will walk away from the negotiations if, in fact, it's a bad deal." Barack Obama, "Remarks by President Obama and President Rousseff of Brazil in Joint Press Conference," *The White House, Washington D.C.*, June 30, 2015. (<https://www.whitehouse.gov/the-press-office/2015/06/30/remarks-president-obama-and-president-rousseff-brazil-joint-press>)

Mark Dubowitz

July 23, 2015

reasonable to assume that no president would enter negotiations, especially over something as fundamental to American national security as preventing Iran from developing nuclear weapons, unless that president had a well-developed best alternative to a negotiated agreement.

That alternative path of American coercive diplomacy still exists as a viable alternative, and includes: 1) leveraging the power of U.S. secondary sanctions to persuade international financial institutions and companies to stay out of Iran; 2) the use of military power, either directly or through the support of allies, against Iranian regime interests in Syria, Iraq, Yemen; and 3) the credible threat of conventional and cyber-enabled force against Iran's nuclear program.

If the president believes in the power of U.S. sanctions to maintain an effective economic snapback a decade or more in the future, then such an option exists today when the Iranian economy is still fragile and international investors have yet to return to Iran. If the president believes, however, that the multilateral sanctions regime cannot withstand a renewed commitment to negotiate an improved agreement, then he is admitting that the United States does not have sufficient peaceful economic leverage to enforce this agreement in the future when Iran's nuclear program will be much bigger, Iran can leverage its "nuclear snapback" against the re-imposition of sanctions, and the regime's economy will be much stronger.

If economic leverage is unavailable, then a future president will be left with only two options: concede Iran's nuclear weapons development or use military force against a much stronger Iran when its nuclear breakout or sneak-out options will be much greater, and the consequences of force will be much more severe.

Congress should insist on an alternative to this deeply flawed deal and keep the president to his commitment that such alternatives always did—and continue to—exist. An agreement that gives Iran patient pathways to a nuclear weapon, access to heavy weaponry and ICBM technology, while enriching the leading state sponsor of terrorism, should be unacceptable. An agreement that undermines the use of peaceful economic leverage should be unacceptable. An agreement that leaves military force as the only effective option for a future president to stop Iran's nuclear weapons development should be unacceptable.

This testimony now turns to an analysis of the fundamental flaws in the construction of the JCPOA.

FLAWED DEAL CONSTRUCTION: THE PATIENT PATHWAYS TO A BOMB

The Joint Comprehensive Plan of Action is fundamentally flawed in its construction. Even if Iran doesn't violate the JCPOA, over time, it will have patient pathways to nuclear weapons, an ICBM program, access to heavy weaponry, an economy immunized against sanctions pressure, and a more powerful regional position where it can continue its destabilizing and aggressive behavior. Even if Iran abides by the deal, it can re-open and expand each of the pathways to a nuclear bomb.

Under the JCPOA, Iran will be permitted over the next 8.5 to 15 years to expand its nuclear program. The deal allows certain restrictions on Iran's nuclear activities to lapse after 8.5 and 10

years, and many additional restrictions to terminate after 15 years (see Figure 1). Additionally, once Iran has implemented its nuclear commitments under the JCPOA to reduce its operating centrifuges, reduce its low-enriched uranium stockpile, and modify the Arak heavy-water reactor, the international economic sanctions architecture will be nearly completely unwound (see Figure 2).

Figure 1: Iran's Nuclear Expansion

After Implementation Day, Iran can:	<p>Iran will retain its Arak heavy water reactor, albeit subject to modernization and redesigning</p> <p>Enrichment capacity:</p> <ul style="list-style-type: none"> • Continue enriching uranium up to 3.67% at Natanz. • Enrich uranium using 5,060 IR-1 centrifuges in up to 30 cascades at Natanz. • Put surplus centrifuges in storage. • Maintain a stockpile of up to 300 kg of 3.67% enriched uranium. <p>Centrifuge R&D:</p> <ul style="list-style-type: none"> • Continue R&D, so long as it does not lead to increases in Iran's stockpile of low-enriched uranium (LEU). • Engage in limited enrichment R&D using advanced centrifuges • Engage in uranium testing at Natanz. <p>Convert Fordow into a nuclear physics and technology center and will be open for "international collaboration."</p> <ul style="list-style-type: none"> • Operate 1,044 IR-1 centrifuges provided they are not using uranium. • Maintain other cascades in "idle" position.
After Transition Day (8 years):	<p>Iran will seek ratification of Additional Protocol in Majlis (Parliament)</p> <p>Iran can start building up to 200 IR-6 and IR-8 centrifuges per year.</p>
After 10 years, Iran can:	<p>Increase its enrichment capacity at Natanz.</p> <p>Expand R&D enrichment using advanced centrifuges</p> <p>Expand testing of the IR-4 and IR-5 centrifuges</p> <p>Enrich using advanced centrifuges and/or more than 5,060 IR-1 centrifuges at Natanz (unless otherwise specified in Iran's long-term, voluntary commitment with the IAEA).</p> <p>Breakout time drops to "almost down to zero," according to President Obama.¹</p>

¹ "Transcript: President Obama's Full NPR Interview on Iran Nuclear Deal," *NPR*, April 7, 2015. (<http://www.npr.org/2015/04/07/397933577/transcript-president-obamas-full-npr-interview-on-iran-nuclear-deal>)

After 15 years, Iran can:	<p>Build additional heavy water reactors and stockpile heavy water</p> <p>Build additional enrichment facilities</p> <p>Enrich uranium and conduct uranium R&D at Fordow</p> <p>Increase its uranium enrichment levels to above 3.67%</p> <p>Engage in spent fuel reprocessing (Iran states that it intends not to but is not bound not to)</p> <p>Deploy, at an industrial-scale, advanced centrifuges at Natanz and Fordow and new facilities</p> <p>Increase without limit its stocks of LEU</p> <p>Build and/or operate facilities related to the conversion of scrap or fuel plates back to U₆</p>
After 20 years:	The "containment and surveillance" measures of rotors and bellows for Iranian centrifuges by the IAEA will lapse.
After 25 years:	<p>The IAEA will cease monitoring the production of uranium ore concentrate from all such plants in Iran.</p> <p>Iran will no longer have to provide the IAEA with information that would allow the agency to authenticate Iran's inventory of uranium ore concentrate or Iran's production or export of this material.</p>
Permanent restrictions:	<p>Iran has promised to ship-out all of Arak's spent fuel for the duration the reactor's life.</p> <p>Should Iran fail to attain a fuel-supply contract for its research reactor in Tehran (TRR), the P5+1 are required to provide Iran with near 20% U308 that will be used for fuel fabrication for the entire time the TRR remains in operation.</p>

Figure 2: Dismantlement of the International Sanctions Architecture

After Implementation Day:	<p>The EU will terminate sanctions on the following from Council Decision 2010/413/CFSP and Council Regulation 267/2012:</p> <ul style="list-style-type: none"> Financial, banking, and insurance <ul style="list-style-type: none"> Financial messaging sanctions remain on the books but entities are de-listed and thus allowed back into SWIFT. Oil, gas, and petrochemicals Shipping, shipbuilding, and transport related to Islamic Republic of Iran Shipping Lines (IRISL) and civil aviation Gold, precious metals, banknotes, and coinage Metals are allowed through single procurement channel Software is allowed through single procurement channel
----------------------------------	---

	<p>The EU will amend counter proliferation-related sanctions consistent with what is permitted by the new UNSC resolution.</p> <p>The EU will remove designated entities (most major Iranian banks, including the Central Bank of Iran (CBI)) from its list.</p> <p>The United States will cease the application for non-US persons of the following sanctions:</p> <ul style="list-style-type: none"> • Financial and banking (including financial messaging services and transactions with CBI, National Iranian Oil Company (NIOC), National Intertrade Company (NICO), and National Iranian Tanker Company (NITC)) • Insurance • Energy and petrochemicals • Shipping, shipbuilding, and port sectors • Gold and other precious metals • Software • Automotive <p>Remove designated entities including major banks (Melli, Mellat, Sepah, Central Bank of Iran), shipping companies, EIKO, and major oil and gas firms from its lists. Of the nearly 650 entities that have been designated by the U.S. Treasury for their role in Iran's nuclear and missile programs or for being owned or controlled by the government of Iran, more than 67% will be de-listed within 6-12 months.</p> <p>Terminate executive orders:</p> <ul style="list-style-type: none"> • 13574 – prohibiting financial transactions with ISA designated entities. • 13590 – prohibiting provision of goods and services to Iran's energy and petrochemical sectors • 13622 – prohibiting transactions with NIOC and NICO • Sections 5, 6, 7 and 15 of 13628 – prohibiting goods and technology to expand Iran's domestic refined petroleum production • 13645 – prohibiting transactions in rials, transactions with the shipping sector, transactions with the automotive sector.
After 5 years:	The U.N. arms embargo will be lifted.
After Transition Day (8 years):	<p>The EU will terminate sanctions on the following:</p> <ul style="list-style-type: none"> • SWIFT (Most major Iranian banks including the Central Bank of Iran are permitted onto SWIFT after Implementation Day) • Shipping, shipbuilding, and transport related to the nuclear and missile technology control lists • Ballistic missiles <p>The EU will also remove additional banks (Saderat, Ansar, Mehr) and the IRGC, IRGC-QF, Qassem Soleimani, and nuclear and missile related entities from its counter proliferation lists.</p>

	<p>The United States will terminate the statutory sanctions.</p> <p>The United States will remove additional entities including:</p> <ul style="list-style-type: none"> • Some of those designated during the JPOA negotiations like Aria Nikan Marin Industry which sources goods for Iran's nuclear program and whose customers include Khatam Al Anbiya, and Iran Pooya, which supplies material for centrifuge production; • Two central figures in Iran's weaponization and nuclear activities, Fereidoun Abbasi-Davani and Mohsen Fakhrizadeh, the former head of the Atomic Energy Organization of Iran, and the AQ Khan of Iran's nuclear weapons development, respectively; • The Organization of Defensive Innovation and Research (SPND), an entity involved in research related to nuclear weapons; and • Jahan Tech Rooyan Pars and Mandegar Baspar Kimiya Company, which were involved in illicit procurement. <p>After eight years, only 25 percent of the nearly 650 entities that have been designated by Treasury over the past decade for their role in Iran's nuclear and ballistic missile program or for being owned and controlled by the Government of Iran will remain sanctioned.</p>
After Termination Day (10 years):	<p>The U.N. will no longer be "seized of the Iran nuclear issue."</p> <p>The EU will terminate all remaining sanctions in Council Decision 2010/413/CFSP and Council Regulation 267/2012.</p>
Sanctions that remain after 10 years:	<p>EU human rights sanctions.</p> <p>U.S. terrorism and human rights sanctions (for example, U.S. sanctions on Bank Saderat and Qassem Soleimani, although neither will be under EU counter proliferation sanctions. Terrorism and Syria-related sanctions on Soleimani will remain.)</p> <p>No U.N. sanctions.</p>

The administration states that the goal of the nuclear deal is to cut off Iran's "four pathways to a nuclear weapon": the two uranium pathways through Natanz and Fordow, the plutonium pathway at the Arak reactor, and the clandestine pathway.⁵

The JCPOA is fundamentally flawed in its design because if Iran abides by the deal, it can still re-open and expand each of these pathways.

During the first ten years, Iran can test advanced centrifuges in a way that does not accumulate enrichment uranium; however, after 8.5 years, Iran can commence R&D and testing with uranium in up to 30 IR-6's and IR-8's.⁶ After ten years, Iran can increase the number and type of

⁵ Ernest Moniz, "A Nuclear Deal that Offers a Safer World," *The Washington Post*, April 12, 2015. (https://www.washingtonpost.com/opinions/a-safer-iran/2015/04/12/ac3a7f78-dfac-11e4-a1b8-2ed88bc190d2_story.html)

⁶ "Joint Comprehensive Plan of Action," Vienna, July 14, 2015, Annex I, paragraphs 32, 37, 38. (http://ecae.europa.eu/statements-ecae/docs/iran_agreement/annex_1_nuclear_related_commitments_en.pdf)

centrifuges operating at the Natanz facility, further reducing the limited restriction on this pathway.

As restrictions on Iran's enrichment program lapse, Iran can operationalize an unlimited number of advanced centrifuges. These centrifuges can more easily be used in a clandestine program because they are more efficient than Iran's basic models, can enrich uranium to weapons-grade faster requiring a fewer number of machines, and can be housed in smaller, harder-to-detect facilities. Iran's breakout time—the amount of time it takes to enrich enough uranium for one bomb to weapons-grade—will begin to drop below the one-year breakout time after year 10 and hit near-zero breakout by year 13, according to President Obama.⁷ Even if there is a “softer landing” on breakout time after year 10 than the president predicted, Iranian breakout time will fall to near-zero after year 15 given the end of restrictions on the type and quantity of centrifuge deployment, the accumulation of low-enriched uranium, and the enrichment of uranium above 3.67% to 20% and 60%.⁸ As a result, Iran's nuclear program will no longer be at the one-year breakout time that the Obama Administration established as its benchmark.

Additionally, after fifteen years, Iran can build an unlimited number of advanced centrifuge-powered enrichment facilities.⁹ Iran will also be permitted to enrich uranium at its undergrounded facility at Fordow¹⁰—a facility possibly impenetrable to U.S. military strikes. Indeed, under the deal, Iran will be permitted to build multiple Fordow-type facilities. Thus, in a decade and a half, Iran will be on a path to an industrial-sized, widely-dispersed nuclear program with an ICBM program and will have the capability to enrich very quickly to weapons-grade at hardened, buried under mountains, Fordow-type enrichment facilities.

After fifteen years, Iran can also build an unlimited number of heavy water reactors. The JCPOA prohibits Iran from building additional heavy water reactors for 15 years and after that, relies on a non-binding Iranian intention to build only light water reactors. This intention might change.¹¹ The deal also relies on Iranian intentions not to engage in spent fuel reprocessing,¹² a process from which plutonium for a nuclear bomb can be recovered.

The only permanent restriction on Iran's ability to use its heavy water reactors to reprocess plutonium for weapons purposes is the requirement to ship all spent fuel out of Iran “for the lifetime of the reactor.”¹³ When Arak is no longer operational, does this restriction also lapse? When Iran has multiple heavy water reactors and assesses that the United States has limited

⁷ “Transcript: President Obama's Full NPR Interview on Iran Nuclear Deal,” *NPR*, April 7, 2015.

(<http://www.npr.org/2015/04/07/397933577/transcript-president-obamas-full-npr-interview-on-iran-nuclear-deal>)

⁸ The JCPOA notes that Iran will only enrich to 3.67% for 15 years but does not specify the restrictions after that. Iran's enrichment levels after 15 years will be governed by its “voluntary commitments” in its long term enrichment and enrichment R&D plan, submitted to the IAEA. There are non-military uses for 20% and 60% enriched uranium, and therefore Iran may argue that it needs to enrich to those higher levels after 15 years. “Joint Comprehensive Plan of Action,” Vienna, July 14, 2015, Annex I, paragraphs 28 and 52. (http://oas.europa.eu/statements-ccas/docs/iran_agreement/annex_1_nuclear_related_commitments_en.pdf)

⁹ “Joint Comprehensive Plan of Action,” Vienna, July 14, 2015, Annex I, paragraph 31.

(http://oas.europa.eu/statements-ccas/docs/iran_agreement/annex_1_nuclear_related_commitments_en.pdf)

¹⁰ *Ibid.*, paragraph 45.

¹¹ *Ibid.*, paragraph 16.

¹² *Ibid.*, paragraphs 18-19.

¹³ *Ibid.*, paragraph 11.

Mark Dubowitz

July 23, 2015

coercive options outside of military force to respond a violation of this ban, it may feel emboldened to retain spent fuel inside the country.

While abiding by the terms of the JCPOA, Iran can exercise strategic patience and wait patiently to open up these multiple pathways to nuclear weapons while building up immunity against economic sanctions, leveraging its nuclear snapback to constrain Western retaliation to violations, and increasing its regional power.

How would Iran achieve these objectives based on the JCPOA's deal terms?

1. Do the bare minimum to address the PMD issue and fulfill the initial nuclear commitments.

Iran is required to work with the International Atomic Energy Agency (IAEA) to resolve past and present issues of concern regarding the possible military dimensions (PMDs) of Iran's program.¹⁴ The IAEA will have tight deadlines to which it has to adhere in a politicized post-Iran deal environment. The IAEA will have limited time and space to resolve the outstanding issues. It remains unclear what will happen if the IAEA is not satisfied. What will be its path of recourse? Will Iran be required to make an expanded declaration of all of Iran's nuclear activities, including past activity, to set a credible baseline for monitoring and verification?

Iran has reportedly already refused to allow certain scientists and facilities to be included in the list requested during the negotiations. The bilateral IAEA-Iran agreement may reportedly include only one visit to Parchin.¹⁵ Will the IAEA be able to interview all of the scientists, visit all of the sites, and see all of the documents to address their questions from the November 2011 IAEA report? What about questions that have arisen since that 2011 IAEA report? These appear not to be permitted under the "Roadmap for Clarification of Past and Present Outstanding Issues."¹⁶

2. Use sanctions relief to build economic resiliency and benefit the IRGC.

After Iran completes specific, but reversible, nuclear steps, most EU and U.S. economic sanctions will begin to unwind, and Iran can increasingly immunize its economy against future economic pressure. The economic impact of sanctions relief is likely to be substantial, starting slowly after a deal and building over time.

Economic forecasts prior to the announced deal based on expectations of the sanctions relief

¹⁴ Ibid., paragraph 66.; International Atomic Energy Agency, Press Release, "IAEA Director General's Statement and Road-map for the Clarification of Past & Present Outstanding Issues regarding Iran's Nuclear Program," July 14, 2015. (<https://www.iaea.org/newscenter/pressreleases/iaea-director-generals-statement-and-road-map-clarification-past-present-outstanding-issues-regarding-irans-nuclear-program>)

¹⁵ Louis Charbonneau & Arshad Mohammed, "Exclusive: Draft Deal Calls for UN Access to All Iran Sites – Source," *Reuters*, July 13, 2015. (<http://www.reuters.com/article/2015/07/14/us-iran-nuclear-deal-exclusive-idUSKCN0PN2NY20150714>)

¹⁶ International Atomic Energy Agency, Press Release, "IAEA Director General's Statement and Road-map for the Clarification of Past & Present Outstanding Issues regarding Iran's Nuclear Program," July 14, 2015. (<https://www.iaea.org/newscenter/pressreleases/iaea-director-generals-statement-and-road-map-clarification-past-present-outstanding-issues-regarding-irans-nuclear-program>)

Mark Dubowitz

July 23, 2015

assessed that Iran's economic growth would likely stabilize around 2.6% in FY2015/16, and then accelerate to about 4% in FY 2016/17. In the second half of the decade, Iran's economic growth would likely average 3.5-4%.¹⁷ Depending on Iran's economic policy choices, in FY 2017/18, growth might reach 5-6%.

The IRGC will be a significant beneficiary of the sanctions relief. Combined with the de-listing of IRGC officials and IRGC-linked entities, the relaxed banking standards will grant the Iranian regime the ability to move its money anywhere in the world. With EU sanctions also set to be lifted on major Iranian banks, Europe will become an economic free zone for Iran's most dangerous people and entities.

3. Begin purchasing arms after the United Nations arms embargo terminates.

According to the U.N. Security Council resolution, the arms embargo will end in five years.¹⁸ After five years, Iran can begin purchasing "battle tanks, armoured combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, [and] missiles." Iran can purchase these goods with the cash it has received through sanctions relief to build its own military capacities. Tehran may also illicitly provide these heavy arms to its allies and proxies.

4. Develop a long-range ballistic missile system after the termination of the ballistic missile sanctions.

U.N., U.S., and EU ballistic missile sanctions will be terminated.¹⁹ Notably, the JCPOA permits this to happen after eight years or after the IAEA reaches a so-called "broader conclusion" that Iran's program is entirely peaceful and contains no undeclared activities, "whichever is *earlier*." (emphasis added). In short, whether or not the IAEA has determined that Iran's program is peaceful, Tehran will be permitted to engage in an expansion of its ballistic missile program after a maximum of eight years. Iran may also be able to expand its intercontinental ballistic missile program under the guise of satellite testing. The U.S. Defense Department notes, "Iran has publicly stated it may launch a space launch vehicle by 2015 that could be capable of intercontinental ballistic missile ranges if configured as a ballistic missile."²⁰

Even with the current sanctions in place, Iran reportedly has the "largest and most diverse" ballistic missile program in the Middle East.²¹ The U.S. Defense Department has repeatedly

¹⁷ Mark Dubowitz, Annie Fixler, & Rachel Ziemba, "Iran's Economic Resilience Against Snapback Sanctions Will Grow Over Time," *Foundation for Defense of Democracies & Roubini Global Economics*, June 2015. (http://www.defenddemocracy.org/content/uploads/publications/iran_economy_resilience_against_snapback_sanctions.pdf)

¹⁸ United Nations Security Council, "Resolution 2231 (2015)," July 20, 2015, Annex B, paragraph 5, page 100. (<http://www.un.org/en/sc/inc/pages/pdf/pow/RES2231E.pdf>)

¹⁹ "Joint Comprehensive Plan of Action," Vienna, July 14, 2015, Annex V, paragraphs 19 and 20.1. (http://ocas.europa.eu/statements-ccas/docs/iran_agreement/annex_5_implementation_plan_en.pdf) United Nations Security Council, "Resolution 2231 (2015)," July 20, 2015, Annex B, paragraph 3, page 99. (<http://www.un.org/en/sc/inc/pages/pdf/pow/RES2231E.pdf>)

²⁰ U.S. Department of Defense, "Unclassified Report on Military Power of Iran," January 2014, page 1. (<http://freebeacon.com/wp-content/uploads/2014/07/iranmilitary.pdf>)

²¹ Michael Elleman, "Iran's Ballistic Missile Program," *The Iran Primer*, accessed August 25, 2014. (<http://iranprimer.usip.org/resource/iran-ballistic-missile-program>)

Mark Dubowitz

July 23, 2015

assessed that Iran's ballistic missile could be "adapted to deliver nuclear weapons."²² Last year, Director of National Intelligence James Clapper testified before Congress that if Iran chooses to make a bomb, Iran would choose "a ballistic missile as its preferred method of delivering nuclear weapons."²³ According to Clapper, these missiles are "inherently capable of delivering WMD."²⁴ Why is Iran permitted to engage in ballistic missile development—the development of the likely delivery vehicle if Iran builds a nuclear warhead—*before* the international community is certain that Iran's existing nuclear program is peaceful?

5. Reap additional economic and military benefits when additional sanctions terminate and more entities are de-listed by the United States and EU.

Of the nearly 650 entities that have been designated by the U.S. Treasury Department for their role in Iran's nuclear and missile programs or for being owned or controlled by the government of Iran, more than 67 percent will be de-listed from Treasury's blacklists within 6 to 12 months. After eight years, only 25 percent of the entities that have been designated over the past decade will remain sanctioned.

After eight years—whether or not the IAEA has determined that Iran's nuclear program is entirely peaceful—additional significant EU sanctions will be lifted. These include sanctions on the IRGC, Quds Force, IRGC Air Force, and the Ministry of Defense. Additionally, the United States will lift sanctions on two central figures in Iran's nuclear development: Fereidoun Abbasi-Davani and Mohsen Fakhrizadeh. Abbasi-Davani is the former head of the Atomic Energy Organization of Iran. Fakhrizadeh is the AQ Khan of Iran's nuclear weapons development. The United States will also de-list—among other entities involved in Iran's nuclear program—the Organization of Defensive Innovation and Research (SPND), an entity "primarily responsible for research in the field of nuclear weapons development."²⁵

Additionally, Iran could argue that other "non-nuclear" sanctions should also be lifted under the JCPOA according to paragraph 26:

"The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from imposing new nuclear-related sanctions. Iran has stated that it will treat such a re-introduction or re-imposition of the sanctions specified in Annex II, or such an imposition of new nuclear-related sanctions, as grounds to cease performing its commitments under this JCPOA in whole or in part."²⁶

²² U.S. Department of Defense, "Unclassified Report on Military Power of Iran," April 2010, page 10. (<http://www.iranwatch.org/sites/default/files/us-dod-reportmilitarypoweriran-0410.pdf>); U.S. Department of Defense, "Unclassified Report on Military Power of Iran," April, 2012, page 1. (<http://fas.org/iran/eprint/dod-iran.pdf>)

²³ James R. Clapper, "Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community" Testimony before the Senate Select Committee on Intelligence, January 29, 2014, page 6. (<http://online.wsj.com/public/resources/documents/DNIthreats2014.pdf>)

²⁴ Ibid.

²⁵ Department of State, Media Note, "Additional Sanctions Imposed by the Department of State Targeting Iranian Proliferators," August 29, 2014. (<http://www.state.gov/r/pa/prs/ps/2014/231159.htm>)

²⁶ "Joint Comprehensive Plan of Action," Vienna, July 14, 2015, paragraph 26. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf)

Paragraph 29 of the preface states:

“The EU and its Member States and the United States, consistent with their respective laws, will refrain from *any policy* specifically intended to directly and adversely affect the *normalization of trade and economic relations* with Iran inconsistent with their commitments not to undermine the successful implementation of this JCPOA.” (emphasis added)²⁷

While paragraph 26 only refers to the imposition of new nuclear-related sanctions, Iran may be able to argue that U.S. terrorism-related sanctions to the extent they have any economic impact on Iran are in violation of the JCPOA because they block the normalization of trade and economic relations. For example, Iran could claim that the imposition of sanctions on Iranian banks for terrorist financing would impede normal trade and economic relations. Tehran also can threaten to use its “nuclear snapback” (described below) to persuade the EU and other countries not to comply with any new U.S. non-nuclear sanctions, complicating Washington’s ability to constrain and deter the full range of Iran’s illicit conduct.

6. Transform from a nuclear pariah to a nuclear partner.

After ten years, the United Nations will remove the Iranian nuclear file from its agenda and will “no longer be seized of the Iran nuclear issue.” At that time, Iran will no longer be under any Chapter 7 resolutions and will have a legitimate and legal nuclear program. Iran can also **build additional scientific knowledge** because research and development restrictions will be lifted. Even prior to the lifting of restrictions on R&D, Iranian scientists can acquire knowledge and skills which can be used to move quickly to nuclear breakout at the time of Iran’s choosing. Under the JCPOA, all parties also commit to cooperate on enhancing Iran’s ability to respond to nuclear security threats “including sabotage,”²⁸ which may limit the use of cyber and other tools to counter Iran’s nuclear expansion or to respond to Iranian noncompliance.

7. Use the threat of a “nuclear snapback” to ward off any attempt to use the sanctions snapback.

The JCPOA explicitly states, “Iran has stated that if sanctions are reinstated in whole or in part, Iran will treat that as grounds to cease performing its commitments under this JCPOA in whole or in part.”²⁹ Using snapback sanctions cancels the JCPOA. In short, if the United States or its partners attempt to re-impose sanctions, Iran may simply walk away from the deal. If Iran cheats and gets caught, and the international community attempts to punish Iran, Iran can threaten to back out of the deal and expand its nuclear program. This may create reluctance to punish Iran for any violations short of the most flagrant and egregious violations and create a permissive environment for Iranian cheating and stonewalling of the IAEA.

²⁷ Ibid., paragraph 29.

²⁸ “Joint Comprehensive Plan of Action,” Vienna, July 14, 2015, Annex III, paragraph 10.2.

(http://eeas.europa.eu/statements-eeas/docs/iran_agreement/annex_3_civil_nuclear_cooperation_en.pdf)

²⁹ “Joint Comprehensive Plan of Action,” Vienna, July 14, 2015, paragraph 37. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf)

8. Build an advanced centrifuge-powered, industrial-size nuclear program.

After fifteen years, the significant restrictions on Iran's nuclear program will have lapsed. Iran will in effect be permitted to have:

- Multiple enrichment facilities;
- A near-zero breakout time with faster advanced centrifuges;
- An easier clandestine sneak-out with fewer machines deployed in smaller facilities;
- Plutonium reprocessing;
- A stockpile of enriched uranium to 20 or 60% levels; and,
- An expanded ballistic missile program.

9. Stymie IAEA inspections.

Throughout the duration of the JCPOA, Iran can delay IAEA inspections of suspected sites without facing consequences. The JCPOA creates a 24-day delay between the IAEA request to access a suspicious site and the date on which Iran must allow access. As former Deputy Administrator for Defense Nuclear Nonproliferation at the National Nuclear Security Administration William Tobey explains, "24 days ... [is] ample time for Iran to hide or destroy evidence."³⁰

Former Deputy Director General for Safeguards at the IAEA Dr. Olli Heinonen explains that for small facilities, 24 days is enough time for Iran to "sanitize" suspected sites, including, for example, where Iran may be engaged in weaponization activities.³¹ Iran is also likely to have developed contingency plans to respond to IAEA demands to visit these sites. According to Dr. Heinonen, Tehran may only need two days to remove nuclear equipment from a small facility³² and remove any traces of uranium, which even environmental sampling may be unable to detect. As Dr. Heinonen notes:

"Time for 'scrubbing' takes on special salience in nuclear-related developments without nuclear material present. Some of the past concealment events carried out by Iran in 2003 left no traces to be detected through environmental sampling."³³

³⁰ William Tobey, "The Iranian Nuclear-Inspection Charade," *The Wall Street Journal*, July 15, 2015. (<http://www.wsj.com/articles/the-iranian-nuclear-inspection-charade-1437001048>)

³¹ Bill Gertz, "Ex-IAEA Leader: 24-Day Inspection Delay Will Boost Iranian Nuclear Cheating," *The Washington Free Beacon*, July 21, 2015. (<http://freebeacon.com/national-security/ex-iaea-leader-24-day-inspection-delay-will-boost-iranian-nuclear-cheating/>)

³² Michael R. Gordon, "Provision in Iran Accord Is Challenged by Some Nuclear Experts," *The New York Times*, July 22, 2015. (http://www.nytimes.com/2015/07/23/world/middleeast/provision-in-iran-accord-is-challenged-by-some-nuclear-experts.html?referrer=&_r=1&gwh=F74FAB44A324C6E6F96BB6460E6FBCEA&gwt=pay)

³³ Olli Heinonen, "The Iran Nuclear Deal and its Impact on Terrorism Financing," *Testimony Before the House Financial Services Committee, Task Force to Investigate Terrorism Financing*, July 22, 2015. (<http://financialservices.house.gov/calendar/eventsingle.aspx?EventID=399373>)

10. Become a threshold nuclear weapons state.

While adhering to the letter of its commitments under the JCPOA, Iran will emerge in 15 years with multiple pathways to a nuclear weapon. Iran will have a powerful economy, immunized against sanctions pressure and increased military and regional power. Iran will likely be the dominant power in the region and a threshold nuclear weapons state. Iran will have achieved its goals through strategic patience by following the terms of the deal.

The JCPOA does not prevent a nuclear-armed Iran; rather it provides multiple patient pathways for Iran.

JCPOA & CHALLENGE TO CONDUCT-BASED FINANCIAL SANCTIONS

The JCPOA also dismantles the international economic sanctions architecture which was designed to respond to the full range of Iran's illicit activities, not only the development of Iran's illicit nuclear program. The United States has spent the last decade building a powerful yet delicate sanctions architecture to punish Iran for its nuclear mendacity, illicit ballistic missile development, vast financial support for terrorist groups, backing of other rogue states like Bashar Assad's Syria, human rights abuses, and the financial crimes that sustain these illicit activities. More broadly, a primary goal of the sanctions on Iran, as explained by senior Treasury Department officials over the past decade, was to "protect the integrity of the U.S. and international financial systems" from Iranian illicit financial activities and the bad actors that facilitated these.³⁴

The goal of sanctions was to provide the president with the tools to stop the development of an Iranian nuclear threshold capacity and also to protect the integrity of the U.S.-led global financial sector from the vast network of Iranian financial criminals and the recipients of their illicit transactions. This included brutal authoritarians, terrorist funders, weapons and missile proliferators, narco-traffickers, and human rights abusers.

Tranche after tranche of designations issued by the Treasury, backed by intelligence that often took months, if not years, to compile, isolated Iran's worst financial criminals. And designations were only the tip of the iceberg. Treasury officials traveled the globe to meet with financial leaders and business executives to warn them against transacting with known and suspected terrorists and weapons proliferators.³⁵ This campaign was crucial to isolating Iran in order to deter its nuclear ambitions and also to address the full range of its illicit conduct.

Following years of individual designations of Iranian and foreign financial institutions for involvement in the illicit financing of nuclear, ballistic missile, and terrorist activities,³⁶ Treasury

³⁴ David Cohen, "The Law and Policy of Iran Sanctions," *Remarks before the New York University School of Law*, September 12, 2012. (<http://www.treasury.gov/press-center/press-releases/Pages/tg1706.aspx>)

³⁵ Robin Wright, "Stuart Levey's War," *The New York Times*, November 2, 2008.

(http://www.nytimes.com/2008/11/02/magazine/02IRAN-t.html?pagewanted=all&_r=0)

³⁶ Treasury designated 23 Iranian and Iranian-allied foreign financial institutions as "proliferation supporting entities" under Executive Order 13382 and sanctioned Bank Saderat as a "terrorism supporting entity" under Executive Order 13224. U.S. Department of the Treasury, Press Release, "Treasury Cuts Iran's Bank Saderat Off from U.S. Financial System," September 8, 2006; (<http://www.treasury.gov/press-center/press-releases/Pages/tp87.aspx>) & U.S.

issued a finding in November 2011 under Section 311 of the USA PATRIOT Act that Iran, as well as its entire financial sector including the Central Bank of Iran (CBI), is a “jurisdiction of primary money laundering concern.”³⁷ Treasury cited Iran’s “support for terrorism,” “pursuit of weapons of mass destruction,” including its financing of nuclear and ballistic missile programs, and the use of “deceptive financial practices to facilitate illicit conduct and evade sanctions.”³⁸ The entire country’s financial system posed “illicit finance risks for the global financial system.”³⁹ Internationally, the global anti-money laundering and anti-terror finance standards body the Financial Action Task Force (FATF) also warned its members that they should “apply effective counter-measures to protect their financial sectors from money laundering and financing of terrorism (ML/FT) risks emanating from Iran.”⁴⁰

As recently as June 26, 2015, FATF issued a statement warning that Iran’s “failure to address the risk of terrorist financing” poses a “serious threat ... to the integrity of the international financial system.”⁴¹

The Section 311 finding was conduct-based; it would be appropriate, therefore, to tie the lifting of sanctions on all designated Iranian banks, especially the legislatively-designated Central Bank of Iran, and their readmission onto SWIFT and into the global financial system, to specific changes in the conduct of these Iranian entities across the full range of Iran’s illicit financial activities. However, the JCPOA requires the lifting of financial sanctions—including the SWIFT sanctions—prior to a demonstrable change in Iran’s illicit financial conduct.

In the past, Washington has given “bad banks” access to the global financial system in order to secure a nuclear agreement. In 2005, Treasury issued a Section 311 finding against Macau-based Banco Delta Asia,⁴² and within days, North Korean accounts and transactions were frozen or blocked in banking capitals around the world. North Korea refused to make nuclear concessions before sanctions relief and defiantly conducted its first nuclear test.⁴³ The State Department advocated for the release of frozen North Korean funds on good faith,⁴⁴ and ultimately prevailed.

Department of the Treasury, Press Release, “Treasury Designates Major Iranian State-Owned Bank,” January 23, 2012, (<http://www.treasury.gov/press-center/press-releases/Pages/tg1397.aspx>)

³⁷ U.S. Department of the Treasury, Press Release, “Finding That the Islamic Republic of Iran is a Jurisdiction of Primary Money Laundering Concern,” November 18, 2011, (<http://www.treasury.gov/press-center/press-releases/Documents/iran311Finding.pdf>)

³⁸ *Ibid.*

³⁹ U.S. Department of the Treasury, Press Release, “Fact Sheet: New Sanctions on Iran,” November 21, 2011, (<http://www.treasury.gov/press-center/press-releases/Pages/tg1367.aspx>)

⁴⁰ The Financial Action Task Force, Public Statement, “FATF Public Statement 14 February 2014,” February 14, 2014, (<http://www.fatf-gafi.org/countries/d-i/islamicrepublicofiran/documents/public-statement-feb-2014.html>)

⁴¹ The Financial Action Task Force, Public Statement, “FATF Public Statement 26 June 2015,” June 26, 2015, (<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/public-statement-june-2015.html>)

⁴² U.S. Department of the Treasury, Press Release, “Treasury Designates Banco Delta Asia as Primary Money Laundering Concern Under USA PATRIOT Act,” September 15, 2005, (<http://www.treasury.gov/press-center/press-releases/Pages/is2720.aspx>)

⁴³ David E. Sanger, “North Koreans Say They Tested Nuclear Device,” *The New York Times*, October 9, 2006, (<http://www.nytimes.com/2006/10/09/world/asia/09korea.html?pagewanted=all>)

⁴⁴ Juan Zarate, *Treasury’s War: The Unleashing of a New Era of Financial Warfare*, (New York: Public Affairs, 2013), page 258.

Mark Dubowitz

July 23, 2015

As a result, however, Washington lost its leverage and its credibility by divorcing the Section 311 finding from the illicit conduct that had prompted the finding in the first place. Undeterred, North Korea moved forward with its nuclear weapons program while continuing to engage in money laundering, counterfeiting, and other financial crimes.

Compromising the integrity of the U.S. and global financial system to conclude a limited agreement with North Korea neither sealed the deal nor protected the system. The JCPOA appears to repeat this same mistake by lifting financial restrictions on bad banks without certifications that Iran's illicit finance activities have ceased.

The JCPOA stipulates that of the nearly 650 entities that have been designated by the U.S. Treasury for their role in Iran's nuclear and missile programs or for being owned or controlled by the government of Iran, more than 67 percent will be de-listed from Treasury's blacklists within 6-12 months. This includes the Central Bank of Iran and most major Iranian financial institutions. After eight years, only 25 percent of the entities that have been designated by Treasury over the past decade will remain sanctioned. Many IRGC businesses that were involved in the procurement of material for Iran's nuclear and ballistic missile programs will be de-listed as will some of the worst actors involved in Iran's nuclear weaponization activities. Even worse, the EU will lift all of its counter proliferation sanctions on Iran. Although human rights-related sanctions will remain, and terrorism and Syria-related sanctions will remain on notorious Quds Force commander Qassem Soleimani,⁴⁵ sanctions against the Quds Force itself, which were all established only on nuclear grounds, will be lifted.

What is especially notable about the lifting of designations is that the Obama Administration has provided no evidence to suggest that these individuals, banks, and businesses are no longer engaging in the full range of illicit conduct on which the original designations were based. What evidence, for example, is there for the de-designation of the Central Bank of Iran, which is the main financial conduit for the full range of Iran's illicit activities, and how does a nuclear agreement resolve its proven role in terrorism and ballistic missile financing, money laundering, deceptive financial activities, and sanctions evasion? In other words, with the dismantlement of much of the Iran sanctions architecture in the wake of a nuclear agreement, the principle upon which Treasury created the sanctions architecture—the protection of the global financial system—is no longer the standard.

SWIFT: CASE STUDY IN THE JCPOA'S PRECIPITOUS SANCTIONS RELIEF

The sanctions relief provided to Iran through its re-admission into the SWIFT financial messaging system is a case study in the scale of precipitous sanctions relief afforded to Iran

⁴⁵ The Council of the European Union, "Council Implementing Regulation (EU) No 611/2011 of 23 June 2011 Implementing Regulation (EU) No 442/2011 Concerning Restrictive Measures in View of the Situation in Syria," *Official Journal of the European Union*, June 24, 2011. (<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:164:0001:0003:EN:PDF>); The Council of the European Union, "Council Implementing Regulation (EU) 790/2014 of 22 July 2014 Implementing Article 2(3) of Regulation (EC) No 2580/2001 on specific restrictive measures directed against certain persons and Entities with a View to Combatting Terrorism, and Repealing Implementing Regulation (EU) No 125/2014," *Official Journal of the European Union*, July 23, 2014. (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0790>)

under the JCPOA. It is also a cautionary study in how difficult it will be to snap back the most effective economic sanctions.

The JCPOA obligates the United States, European Union, and United Nations to lift sanctions at two specific intervals: On “Implementation Day” when the IAEA verifies that Iran has implemented its nuclear commitments under the JCPOA to reduce its operating centrifuges, reduce its low-enriched uranium stockpile, and modify the Arak heavy-water reactor, among other requirements; and on “Transition Day” in eight years or when the IAEA has reached a “broader conclusion” that Iran’s nuclear program is entirely peaceful, whichever comes first. This last clause is critical: **Even if the IAEA cannot verify the peaceful nature of Iran’s program, Iran will receive additional sanctions relief.**

The JCPOA will provide Iran with more than \$100 billion in sanctions relief, if you include the funds reportedly tied up in oil escrow accounts, and as much as \$150 billion based on figures quoted by President Obama,⁴⁶ which presumably includes funds that are legally frozen and those to which banks have been unwilling to provide Iran free access, even though they weren’t under formal sanctions. These funds could flow to the coffers of terrorist groups and rogue actors like Hezbollah, Hamas, Palestinian Islamic Jihad, Iraqi Shiite militias, the Houthis in Yemen, and Syrian President Bashar al-Assad’s regime in Damascus. President Obama has claimed the money would not be a “game-changer” for Iran.⁴⁷ As Supreme Leader Ali Khamenei, however, stated in a speech less than one week after the JCPOA announcement, “We shall not stop supporting our friends in the region: The meek nation of Palestine, the nation and government of Syria ... and the sincere holy warriors of the resistance in Lebanon and Palestine.”⁴⁸ This infusion of cash will relieve budgetary constraints for a country which had only an estimated \$20 billion in fully accessible foreign exchange reserves prior to November 2013⁴⁹ but was spending at least \$6 billion annually to support Assad.⁵⁰

The real prize for Iran in the JCPOA sanctions relief package is regaining access to SWIFT, (the Society for Worldwide Interbank Financial Telecommunication) a little-known, but ubiquitous banking system that has been off-limits to the country since March 2012. **Iran’s successful negotiation of the lifting of this sanction is a case study in how the JCPOA provides precipitous sanctions relief to Iran prior to a demonstrable change in Iranian financial practices.**

⁴⁶ Jeffrey Goldberg, “‘Look ... It’s My Name on This’: Obama Defends the Iran Nuclear Deal,” *The Atlantic*, May 21, 2015, (<http://www.theatlantic.com/international/archive/2015/05/obama-interview-iran-isis-israel/393782/>)

⁴⁷ Barack Obama, “Press Conference by the President,” *Washington, D.C.*, July 15, 2015.

(<https://www.whitehouse.gov/the-press-office/2015/07/15/press-conference-president>)

⁴⁸ “Iran Press Review 20 July,” *Foundation for Defense of Democracies*, July 20, 2015.

(<http://www.defenddemocracy.org/iran-press-review-20-july>)

⁴⁹ Mark Dubowitz & Rachel Zicmba, “When Will Iran Run Out of Money?,” *Foundation for Defense of Democracies & Roubini Global Economics*, October 2, 2013.

(http://www.defenddemocracy.org/content/uploads/documents/Iran_Report_Final_2.pdf)

⁵⁰ Eli Lake, “Iran Spends Billions to Prop Up Assad,” *Bloomberg*, June 9, 2015.

(<http://www.bloombergview.com/articles/2015-06-09/iran-spends-billions-to-prop-up-assad>)

Mark Dubowitz

July 23, 2015

SWIFT is the electronic bloodstream of the global financial system. It is a member-owned cooperative comprising the most powerful financial institutions in the world, which allows more than 10,800 financial companies worldwide to communicate securely.⁵¹

By 2012, SWIFT represented one of Tehran's last entry points into the global financial system, as the United States and the European Union had sanctioned scores of banks, energy companies, and other entities under the control of the IRGC. In March 2012, SWIFT disconnected 15 major Iranian banks from its system in 2012 after coming under pressure from both the United States and the European Union.⁵² It was a substantial blow to Tehran since SWIFT was not only how Iran sold oil but how Iranian banks moved money. According to SWIFT's annual review, Iranian financial institutions used SWIFT more than 2 million times in 2010.⁵³ These transactions, according to *The Wall Street Journal*, amounted to \$35 billion in trade with Europe alone.⁵⁴

As a result of congressional legislation targeting SWIFT,⁵⁵ EU regulators instructed SWIFT to remove specified Iranian banks from the SWIFT network.⁵⁶ It was congressional pressure, and an unwillingness by Congress to accept arguments advanced by Obama Administration officials that such action would undercut the multilateral sanctions regime, which finally persuaded the Obama Administration and EU officials to act.

Today, the JCPOA explicitly calls for the lifting of sanctions on "[s]upply of specialized financial messaging services, including SWIFT, for persons and entities... including the Central Bank of Iran and Iranian financial institutions."⁵⁷ EU will lift SWIFT sanctions for the Central Bank of Iran and all Iranian banks⁵⁸ originally banned from SWIFT.⁵⁹

⁵¹ "Company Information," *SWIFT Website*, accessed July 20, 2015.

(http://www.swift.com/about_swift/company_information/company_information?rdct=t&lang=en)

⁵² SWIFT, Press Release, "SWIFT Instructed to Disconnect Sanctioned Iranian Banks Following EU Council Decision," March 15, 2012. (http://www.swift.com/news/press_releases/SWIFT_disconnect_iranian_banks)

⁵³ "Annual Review 2010," *SWIFT Website*, accessed January 9, 2012, page 29.

http://www.swift.com/about_swift/publications/annual_reports/annual_review_2010/SWIFT_AR2010.pdf

⁵⁴ "Swift Sanctions on Iran," *The Wall Street Journal*, February 1, 2012.

(<http://online.wsj.com/news/articles/SB10001424052970203718504577178902535754464>)

⁵⁵ Senator Robert Menendez, Press Release, "Menendez Hails Banking Committee Passage of Iran Sanctions Legislation," February 2, 2012. (<http://www.menendez.senate.gov/newsroom/press/menendez-hails-banking-committee-passage-of-iran-sanctions-legislation>)

⁵⁶ "Payments System SWIFT to Expel Iranian Banks Saturday," *Reuters*, March 15, 2012.

(<http://www.reuters.com/article/2012/03/15/us-nuclear-iran-idUSBRT82E15M20120315>)

⁵⁷ "Joint Comprehensive Plan of Action," Vienna, July 14, 2015, paragraph 19(iv). (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf)

⁵⁸ On Implementation Day, the EU will lift sanctions on the Central Bank of Iran and Bank Mellat, Bank Melli, Bank Refah, Bank Tejarat, Europäische-Iranische Handelsbank (EIH), Export Development Bank of Iran, Future Bank, Oncredbank ZAO, Post Bank, and Sina Bank. On Transition Day, the EU will also lift sanctions on Ansar Bank, Bank Saderat, Bank Sepah and Bank Sepah International, and Mehr Bank. See Attachment 1, parts 1 and 2 and Attachment 2, parts 1 and 2. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/annex_1_attachments_en.pdf)

⁵⁹ The Council of the European Union, "Council Regulation (EU) No 267/2012 of 23 March 2012 Concerning Restrictive Measures against Iran and Repealing Regulation (EU) No 961/2010," *Official Journal of the European Union*, March 24, 2012. (<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1406807228342&uri=CELEX:32012R0267>)

The nuclear deal also lifts U.S. sanctions on 21 out of the 23 Iranian banks designated for proliferation financing—including both nuclear and ballistic missile activity.⁶⁰ The designation of Bank Saderat for terrorist financing will remain in place, but the sanctions against the Central Bank of Iran will be lifted. Twenty-six other Iranian financial institutions blacklisted for providing financial services to previously-designated entities (including NIOC which is being de-listed on Implementation Day) or for being owned by the government of Iran will also be removed from Treasury's blacklist.⁶¹

The Obama Administration is assuming that the SWIFT sanctions (and other economic sanctions) can be reconstituted either in a snapback scenario or under non-nuclear sanctions like terrorism. However, the JCPOA notes that Iran may walk away from the deal and abandoned its nuclear commitments if new sanctions are imposed: “Iran has stated that if sanctions are reinstated in whole or in part, Iran will treat that as grounds to cease performing its commitments under this JCPOA in whole or in part.”⁶² This gives Iran an effective way to intimidate the United States, and in particular, Europe into not reinstating sanctions, except for the most severe violations.

The threat of this “nuclear snapback” will prevent a response to technical and incremental violations for fear that Iran will walk away from the agreement and escalate its program, provoking a possible military crisis. It will also be used to make it very difficult for the United States and EU to ever reimpose SWIFT sanctions, which the Iranian government is likely to see as an act of economic or financial war, and will threaten to retaliate accordingly. This nuclear snapback will be discussed in greater detail in a subsequent section.

THE IRGC: THE JCPOA'S BIG WINNER

The IRGC stand to be the greatest beneficiary from the economic relief granted under the JCPOA through both an improvement in Iran's overall macroeconomic environment and through the dominance of the Revolutionary Guards in key strategic areas of the Iranian economy. Already, the sanctions relief provided as part of the Joint Plan of Action (JPOA) enabled Iran to move from a severe economic recession to a modest recovery. During the JPOA negotiations, \$11.9 billion in direct sanctions relief, sanctions relief on major sectors of Iran's

⁶⁰ U.S. sanctions on Ansar Bank and Mehr Bank are scheduled to remain in place. Sanctions on Arian Bank, Banco Internacional de Desarrollo, Bank Kargoshaee, Bank of Industry and Mine, Bank Mellat, Bank Mellat, Bank Refah, Bank Sepah, Bank Tejarat, Europaisch-Iranische Handelsbank, Export Development Bank of Iran, First East Export Bank, First Islamic Bank, Future Bank, Iranian-Venezuela Bi-National Bank, Kont Investment Bank, Moallem Insurance Company, Persia International Bank, Post Bank, Sorinet Commercial Trust Bankers, and Trade Capital Bank (aka Bank Torgovoy Kapital ZAO) as well as the Central Bank of Iran (aka Bank Markazi Jomhouri Islami Iran) will be lifted on “Implementation Day.” See Attachment 3. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/annex_1_attachments_en.pdf)

⁶¹ Over the past decade, the Treasury Department has designated 51 banks and their subsidiaries inclusive of the 23 banks designated as proliferators, Bank Saderat which was designated for financing terrorism, and the Central Bank of Iran. With the exception of Bank Saderat, Ansar Bank, and Mehr Bank, all Iranian financial institutions will be de-listed on implementation day. Note, there is an inconsistency in Attachment 3. The Joint Iran-Venezuela Bank is listed as the same entry as Iran-Venezuela Bi-National Bank. On the SDN list, the two are listed with unique entries and different designations. FDD assumes, however, that both banks are being de-listed.

⁶² “Joint Comprehensive Plan of Action,” Vienna, July 14, 2015, paragraph 37. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf)

economy such as the auto and petrochemical sectors, permission to trade in gold, and President Obama's decision to de-escalate the sanctions pressure by blocking new congressional sanctions, rescued the Iranian economy and its rulers, including the IRGC, from a rapidly deteriorating balance of payments.⁶³

In 2014, Iran's exports to Europe increased 48% year-over-year. Overall, between March 2014 and February 2015, Iran's non-oil and gas exports increased 22%.⁶⁴ The JPOA facilitated imports from the EU through a relaxation of the bloc's banking restrictions which increased the authorization thresholds for "non-sanctioned trade" ten-fold, from €40,000 to €400,000. Iran had better access to European goods, including spare parts for its automotive industry. The JPOA also suspended petrochemical sanctions; these exports rose 32% to \$3.17 billion.⁶⁵

Economic forecasts prior to the announcement of the JCPOA based on expectations of the sanctions relief assessed that Iran's economic growth would likely stabilize around 2.6% in FY2015/16, and then accelerate to about 4% in FY 2016/17.⁶⁶ In the second half of the decade, Iran's economic growth would likely average 3.5-4%. Depending on Iran's economic policy choices, in FY 2017/18, growth could reach 5-6%.

In addition to the improvement in Iran's macroeconomic picture, which reduces threats to the political survival of the regime, the big winner from the unraveling of European and American sanctions will be the IRGC, which will earn substantial sanctions relief. **The IRGC not only directs Iran's external regional aggression, its nuclear and ballistic missile programs, and its vast system of domestic repression; the Guards also control at least one-sixth of the Iranian economy.**⁶⁷ **Their control over strategic sectors of the Iranian economy—banking, energy, construction, industrial, engineering, mining, shipping, shipbuilding, amongst others—means that any foreign firms interested in doing business with Iran will have to do business with the IRGC.**

In anticipation of the sanctions relief in a final nuclear deal, President Rouhani's 2015 budget rewards the IRGC. It includes a 48% increase on expenditures related to the IRGC, the intelligence branches, and clerical establishment. Iran's defense spending was set to increase by

⁶³ Jennifer Hsieh, Rachel Ziemba, & Mark Dubowitz, "Iran's Economy: Out of the Red, Slowly Growing," *Foundation for Defense of Democracies & Roubini Global Economics*, October 2014.

(http://www.defenddemocracy.org/content/uploads/publications/RoubiniFDDReport_Oct14.pdf); Jennifer Hsieh, Rachel Ziemba, & Mark Dubowitz, "Iran's Economy Will Slow but Continue to Grow Under Cheaper Oil and Current Sanctions," *Foundation for Defense of Democracies & Roubini Global Economics*, February 2015.

(http://www.defenddemocracy.org/content/uploads/publications/RoubiniFDDReport_FEB15.pdf)

⁶⁴ Emanuele Ottolenghi & Saeed Ghasseminejad, "Iran Sanctions Relief Sparks Growing Trade with Europe, Asia," *Foundation for Defense of Democracies*, March 27, 2015. (<http://www.defenddemocracy.org/media-hit/iran-sanctions-relief-sparks-growing-trade-with-Europe-Asia/>)

⁶⁵ Ibid.

⁶⁶ Mark Dubowitz, Annie Fixler, & Rachel Ziemba, "Iran's Economic Resilience Against Snapback Sanctions Will Grow Over Time," *Foundation for Defense of Democracies & Roubini Global Economics*, June 2015.

(http://www.defenddemocracy.org/content/uploads/publications/Iran_economy_resilience_against_snapback_sanctions.pdf)

⁶⁷ Parisa Hafezi & Louis Charbonneau, "Iranian Nuclear Deal Set to Make Hardline Revolutionary Guards Richer," *Reuters*, July 6, 2015. (<http://www.reuters.com/article/2015/07/06/us-iran-nuclear-economy-insight-idUSKCN0PG1XV20150706>)

one-third, to \$10 billion annually—excluding off the books funding.⁶⁸ The IRGC and its paramilitary force, the *Basij*, are set to receive 64% of public military spending, and the IRGC's massive construction arm Khatam al-Anbiya (which will be delisted by the European Union and is the dominant player in key strategic sectors of Iran's economy) will see its budget double. Rouhani's budget also included a 40% increase (\$790 million) for Iran's Ministry of Intelligence.⁶⁹ Iran's latest five-year plan, announced days before the JCPOA, calls for an additional increase in military spending to 5% of the total government budget.⁷⁰ With access to additional revenue around the corner and with the termination of the arms embargo just over the horizon, Iran knows how it will spend its new cash.

My colleagues at the Foundation for Defense of Democracies Emanuele Ottolenghi and Saeed Ghasseminejad have done an extensive review of the sanctions relief and the entities that will be de-listed under the JCPOA.⁷¹ The following is based on their analysis.

Access to Europe and the De-Listing of IRGC Entities

With the lifting of EU sanctions under the JCPOA, Europe will increasingly become an economic free zone for Iran's most dangerous people and entities. In addition to the lifting of specific types of economic and financial sanctions, the **JCPOA requires the United States and Europe to remove numerous IRGC-linked entities from their sanction lists.**

Europe will de-list significant IRGC entities and persons including the Quds Force. Some of these de-listings will occur on Implementation Day, but many more will fall off after eight years (assuming that they are even enforced over the next eight years).

Khatam al-Anbiya (KAA), a massive IRGC conglomerate, was designated by the United States as a proliferator of weapons of mass destruction.⁷² It is Iran's biggest construction firm and, according to my colleagues' estimates, "may be its largest company outright, with 135,000 employees and 5,000 subcontracting firms."⁷³ The value of its current contracts is estimated to be

⁶⁸ Emanuele Ottolenghi & Saeed Ghasseminejad, "Iran's Repressive Apparatus Gets a Raise," *The Wall Street Journal*, December 22, 2014. (<http://www.wsj.com/articles/emmanuele-ottolenghi-and-saeed-ghasseminejad-irans-repressive-apparatus-gets-a-raise-1419281552>)

⁶⁹ *Ibid.*

⁷⁰ Abbas Qaidaari, "More Planes, More Missiles, More Warships: Iran Increases Its Military Budget By A Third," *Al-Monitor*, July 13, 2015. (<http://www.al-monitor.com/pulse/originals/2015/07/hamenei-orders-increase-military.html>)

⁷¹ Emanuele Ottolenghi & Saeed Ghasseminejad, "The Nuclear Deal's Impact on Iran's Revolutionary Guards," *Foundation for Defense of Democracies*, July 17, 2015. (<http://www.defenddemocracy.org/media-hit/emmanuele-ottolenghi-the-nuclear-deals-impact-on-irans-revolutionary-guards/>)

⁷² Department of State, Office of the Spokesman, "Fact Sheet: Designation of Iranian Entities and Individuals for Proliferation Activities and Support for Terrorism," October 25, 2007. (<http://2001-2009.state.gov/r/pa/prs/ps/2007/oct/94193.htm>)

⁷³ Parisa Hafezi & Louis Charbonneau, "Iranian Nuclear Deal Set to Make Hardline Revolutionary Guards Richer," *Reuters*, July 6, 2015. (<http://www.reuters.com/article/2015/07/06/us-iran-nuclear-economy-insight-idUSKCN0PG1XV20150706>); Emanuele Ottolenghi & Saeed Ghasseminejad, "The Nuclear Deal's Impact on Iran's Revolutionary Guards," *Foundation for Defense of Democracies*, July 17, 2015. (<http://www.defenddemocracy.org/media-hit/emmanuele-ottolenghi-the-nuclear-deals-impact-on-irans-revolutionary-guards/>)

nearly \$50 billion, or about 12% of Iran's gross domestic product.⁷⁴ KAA has hundreds of subsidiaries in numerous sectors of Iran's economy including its nuclear and defense programs, energy, construction, and engineering. The company is also involved in "road-building projects, offshore construction, oil and gas pipelines and water systems."⁷⁵ EU sanctions against the company will be lifted after eight years, whether or not the IAEA concludes that Iran's nuclear program is peaceful.

Similarly, the IRGC Cooperative Foundation (aka *Bonyad Taavon Sepah*), the IRGC investment arm, was designated by the U.S. Treasury as a proliferator of weapons of mass destruction,⁷⁶ but is slated to be de-listed by the EU after eight years as a result of the JCPOA. It is not listed among the entities that the United States will de-list. The portfolio of IRGC Cooperative Foundation controls more than 20% of the value of the Tehran Stock Exchange.⁷⁷

Ansar Bank and Mehr Bank, which are both IRGC-linked and were designated by the Treasury for providing financial services to the IRGC,⁷⁸ will also be de-listed by the EU (but not by the United States). They will be allowed back onto the SWIFT system and may open branches, conduct transactions, and facilitate financial flows for the IRGC. **Other IRGC-linked banks, like Bank Melli,⁷⁹ will be de-listed by both the United States and Europe upon Implementation Day and allowed back onto SWIFT.**

The Quds Force, the IRGC's external arm, will also be a beneficiary of sanctions relief. In addition to the EU de-listing, the JCPOA will lift both U.S. and EU sanctions on Iran's commercial airline Iran Air, on which the Quds Force depends to "dispatch weapons and military personnel to conflict zones worldwide. ... The Quds Force will have access to newer, larger, and more efficient planes with which to pursue its strategic objectives."⁸⁰

The JCPOA also de-lists several IRGC military research and development facilities. For example, EU sanctions on the Research Center for Explosion and Impact will be lifted after eight years. This entity was designated by the EU for connection to the possible military dimensions of

⁷⁴ Benoit Faucon & Asa Fitch, "Iran's Guards Cloud Western Firms' Entry After Nuclear Deal," *The Wall Street Journal*, July 21, 2015. (<http://www.wsj.com/articles/irans-guards-cloud-western-firms-entry-after-nuclear-deal-1437510830>)

⁷⁵ Ibid.

⁷⁶ Department of the Treasury, Press Release, "Fact Sheet: Treasury Designates Iranian Entities Tied to the IRGC and IRISL," December 21, 2010. (<http://www.treasury.gov/press-center/press-releases/Pages/tg1010.aspx>)

⁷⁷ Emanuele Ottolenghi & Saeed Ghasseminejad, "The Nuclear Deal's Impact on Iran's Revolutionary Guards," *Foundation for Defense of Democracies*, July 17, 2015. (<http://www.defenddemocracy.org/media-hit/emanuele-ottolenghi-the-nuclear-deals-impact-on-irans-revolutionary-guards/>)

⁷⁸ Department of the Treasury, Press Release, "Fact Sheet: Treasury Designates Iranian Entities Tied to the IRGC and IRISL," December 21, 2010. (<http://www.treasury.gov/press-center/press-releases/Pages/tg1010.aspx>)

⁷⁹ Department of the Treasury, Press Release, "Fact Sheet: Designation of Iranian Entities and Individuals for Proliferation Activities and Support for Terrorism," October 25, 2007. (<http://www.treasury.gov/press-center/press-releases/Pages/hp644.aspx>)

⁸⁰ Emanuele Ottolenghi & Saeed Ghasseminejad, "The Nuclear Deal's Impact on Iran's Revolutionary Guards," *Foundation for Defense of Democracies*, July 17, 2015. (<http://www.defenddemocracy.org/media-hit/emanuele-ottolenghi-the-nuclear-deals-impact-on-irans-revolutionary-guards/>)

Mark Dubowitz

July 23, 2015

Iran's nuclear program.⁸¹ Whether or not the IAEA has reached a broader conclusion that Iran's program is peaceful and this center is not engaged in weapons-related activities, the sanctions will be lifted.

In eight years, United States will also lift sanctions on central pillars of Iran's nuclear and weaponization activities. Two central individuals, Fereidoun Abbasi-Davani and Mohsen Fakhrizadeh, will be de-listed. Abbasi-Davani is the former head of the Atomic Energy Organization of Iran.⁸² Fakhrizadeh is the AQ Khan of Iran's nuclear weapons development and, according to the U.S. State Department, "managed activities useful in the development of a nuclear explosive device" and designated "for his involvement in Iran's proscribed WMD activities."⁸³

The United States will also de-list the Organization of Defensive Innovation and Research (SPND), an entity "primarily responsible for research in the field of nuclear weapons development," according to the U.S. State Department. The organization was designated less than a year ago, during the P5+1 negotiations with Iran, and was created by Fakhrizadeh.⁸⁴ The EU will also de-list SPND and Abbasi-Davani and Fakhrizadeh at the same time.

Additionally, the United States will de-list Aria Nikan Marin Industry, which sources goods for Iran's nuclear program and whose customers include Khatam al-Anbiya,⁸⁵ Iran Pooya, which supplies material for centrifuge production,⁸⁶ and the Kalaye Electric Company, which was designated as a proliferator in 2007 for its involvement in Iran's centrifuge research and development efforts.⁸⁷ Kalaye Electric was a site of centrifuge production in 2003. When the IAEA requested access and the ability to take environmental samples, Iran delayed granting access and, according to experts, took "extraordinary steps to disguise the past use and purpose of this facility."⁸⁸

Jahan Tech Rooyan Pars and Mandegar Baspar Kimiya Company will also be delisted. These two entities were involved in illicit procurement of proliferation-sensitive material.⁸⁹

⁸¹ The Council of the European Union, "Council Implementing Regulation (EU) No 1245/2011 of 1 December 2011 Implementing Regulation (EU) No 961/2010 on Restrictive Measures against Iran," *Official Journal of the European Union*, December 2, 2011. (<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32011R1245>)

⁸² Department of State, Press Statement, "Increasing Sanctions Against Iranian Nuclear Proliferation Networks Joint Treasury and State Department Actions Target Iran's Nuclear Enrichment and Proliferation Program," December 13, 2012. (<http://www.state.gov/r/pa/prs/ps/2012/12/202023.htm>)

⁸³ Department of State, Media Note, "Additional Sanctions Imposed by the Department of State Targeting Iranian Proliferators," August 29, 2014. (<http://www.state.gov/r/pa/prs/ps/2014/231159.htm>)

⁸⁴ *Ibid.*

⁸⁵ Department of State, Press Statement, "Increasing Sanctions Against Iranian Nuclear Proliferation Networks Joint Treasury and State Department Actions Target Iran's Nuclear Enrichment and Proliferation Program," December 13, 2012. (<http://www.state.gov/r/pa/prs/ps/2012/12/202023.htm>)

⁸⁶ *Ibid.*

⁸⁷ Department of the Treasury, Press Release, "Treasury Targets Iranian Companies for Supporting WMD Proliferation," February 16, 2007. (<http://www.treasury.gov/press-center/press-releases/Pages/tp267.aspx>)

⁸⁸ "ISIS Imagery Brief: Kalaye Electric," *Institute for Science and International Security*, March 31, 2005. (<http://isis-online.org/publications/iran/kalayeelectric.html>)

⁸⁹ Department of State, Media Note, "Additional Sanctions Imposed by the Department of State Targeting Iranian Proliferators," August 29, 2014. (<http://www.state.gov/r/pa/prs/ps/2014/231159.htm>)

Mark Dubowitz

July 23, 2015

Additional Entities Potentially Eligible for Sanction

In the spring of 2014, my colleagues provided the British and American governments with a database of companies and individuals tied to the IRGC. The full lists are submitted with this Testimony as Exhibits A and B. Entities in this database, which were not previously sanctioned, have not subsequently been sanctioned by either the United States or the European Union. These governments had 16 months to verify and add these companies/individuals to their sanctions lists but refrained from doing so. The non-listing of these entities also provided the IRGC with economic benefits as these companies and persons operate without restrictions.

EXHIBIT A is a database of 217 enterprises of the inner circle of the IRGC's business empire. Iran's Islamic Revolutionary Guard Corps intervene in Iran's economy through three channels: The IRGC Cooperative Foundation, The Basij Cooperative Foundation, and Khatam al-Anbiya Construction Headquarters. These three holding companies are direct shareholders of businesses listed in Exhibit A, which also includes the names of their 1,073 board members, CEOs, and CFOs since 2003. Iran's Official Journal is the source for this information; hyperlinks to entries for each company are provided in the database.⁹⁰

Due to lax filing obligations for Iranian non-publicly traded companies, open-source information does not detail the percentage of ownership of companies by each shareholder nor enables us to ascertain the affiliation of each board member and executive to the IRGC. Nevertheless, this database lists companies in which the IRGC, as a direct stakeholder with the power to select at least one member of the board, exercises considerable influence and enjoys profits from the company's dividends.

EXHIBIT B is a list of companies publicly traded on the Tehran Stock Exchange (TSE), in which the IRGC Cooperative Foundation, the Basij Cooperative Foundation, or the Armed Forces Pension Fund jointly or separately own at least 50%+1 of the shares or control the majority of the votes on the Board. The combined value of these holdings amounts to 20%, or \$17.5 billion, of the total market value of the Tehran Stock Exchange.⁹¹ Of the companies listed in Exhibit B, only three have been sanctioned by the United States—one of which, Ghadir Investment Company, will be de-listed by the Treasury Department within 6-12 months.

An earlier version of Exhibit A was submitted to the Department of Treasury at a March 2014 meeting with FDD analysts, for their review. The database provided, to date, the most accurate map of IRGC direct holdings in Iran's economy and offered the potential for additional designation of IRGC companies. Companies listed on Exhibit B were repeatedly mentioned in articles and research by FDD experts.⁹²

⁹⁰ Iranian Official Journal, accessed July 20, 2015. (<http://www.gazette.ir/>)

⁹¹ The information on which this conclusion is based is available on the Tehran Stock Exchange website (<http://www.tsetmc.com/loader.aspx?ParTree=15>)

⁹² For example, see Emanuele Ottolenghi & Saeed Ghasseminejad, "Who Really Controls Iran's Economy," *The National Interest*, May 20, 2015. (<http://nationalinterest.org/feature/who-really-controls-iran-economy-12925>)

Mark Dubowitz

July 23, 2015

Since the information in the exhibits was made available to the Obama Administration, none of the companies which were not sanctioned at the time have been subsequently added to Treasury's designations.

THE JCPOA'S IRANIAN NUCLEAR SNAPBACK

The JCPOA contains a weak enforcement mechanism. Throughout the negotiations, Obama Administration officials have explained that under a final deal, the United States and its allies would be able to re-impose sanctions quickly in order to punish Iranian non-compliance and bring Iran back into compliance with its nuclear commitments. This was the so-called "snapback" sanction.

Even as originally conceived, this enforcement mechanism was flawed⁹³ because there would likely be significant disagreements between the United States, European states, and members of the U.N. Security Council on the evidence, the seriousness of infractions, the appropriate level of response, and likely Iranian retaliation. In addition to this diplomatic hurdle, the snapback sanction mechanism was economically flawed because it took years to persuade international companies to exit Iran after they had invested billions of dollars; once companies re-enter the Iranian market, it will be difficult to get them to leave again. Just yesterday, Foreign Minister Mohammad Zarif noted that the "swarming of businesses to Iran" is a barrier to the re-imposition of sanctions, and once the sanctions architecture is dismantled, "it will be impossible to reconstruct it." Zarif boasted that Iran can restart its nuclear activities faster than the United States can re-impose sanctions.⁹⁴

Furthermore, sanctions impacted reputational and legal risk calculations of private companies evaluating potential business deals with an Iranian government, economy, and entities that had consistently engaged in deceptive and other illicit conduct. The question of risk and the integrity of Iran's economy and financial dealings cannot be turned on and off quickly. The snapback sanction in the JCPOA also has an additional economic delay because it grandfathers in existing deals, providing an incentive for companies to move as quickly as possible to sign major long-term so that any existing contacts will not be subject to snapback sanctions.

The JCPOA further undermines the snapback sanction—the United States' only peaceful enforcement mechanism—through the dispute resolution mechanism, which is governed by a Joint Commission comprised of the United States, EU, France, U.K., Germany, China, Russia and Iran. The mechanism creates a 60-plus day delay between the time that the United States (or another P5+1 member) announces that a violation has occurred and the time that United Nations sanctions are re-imposed.⁹⁵

⁹³ For more detail on the challenges of the "snapback" sanction, see "The 'Snapback' Sanction as a Response to Iranian Non-Compliance," *Iran Task Force*, January 2015. (http://taskforceoniran.org/pdf/Snapback_Memo.pdf)

⁹⁴ "Foreign Investments in Iran to Serve as Barrier for Sanctions Snapback – FM," *Voice of the Islamic Republic of Iran, Radio Farhang* (in Persian), July 21, 2015. (Accessed via BBC Worldwide Monitoring)

⁹⁵ "Joint Comprehensive Plan of Action," Vienna, July 14, 2015, paragraphs 36-37. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf)

Mark Dubowitz

July 23, 2015

If the United States believes that Iran has violated the deal, Washington will refer Iran to the Joint Commission, which consists of the P5+1, Iran, and an EU representative. If the issue cannot be resolved by consensus within the Joint Commission, after a process of 35 days, the United States can then unilaterally refer the issue to the U.N. Security Council. The Security Council must then pass a resolution (which the United States can veto) to continue the current sanctions relief. If that resolution is not passed within another 30 days, the previous U.N. sanctions will be re-imposed. The “snap” in “snapback” therefore takes more than two months. The mechanism also does not provide for any unilateral re-imposition of sanctions, nor does the U.N. Security Council resolution, Resolution 2231, which the Obama Administration pushed forward to a vote despite congressional requests to delay until after Congress had thoroughly reviewed the deal.⁹⁶

Furthermore, the resolution states that **the snapback mechanism is for issues of “significant non-performance,” implying that it would not likely be used for incidents of incremental cheating.** The Iranian regime cheats incrementally, not egregiously, even though the sum total of its incremental cheating is egregious. The snapback provision incentivizes Iran to continue this behavior because there is no enforcement mechanism to punish incremental cheating.

More importantly, JCPOA has armed Iran with its own nuclear “snapbacks” against attempts to re-impose U.N. sanctions in respond to Iranian nuclear violations. The JCPOA explicitly states, “Iran has stated that if sanctions are reinstated in whole or in part, Iran will treat that as grounds to cease performing its commitments under this JCPOA in whole or in part.”⁹⁷

This nuclear snapback also is included in text relating to both EU and U.S. economic snapbacks:

“The EU will refrain from re-introducing or re-imposing the sanctions that it has terminated implementing under this JCPOA without prejudice to the dispute resolution mechanism provided for under this JCPOA. There will be no new nuclear-related UN Security Council sanctions and no new EU nuclear-related sanctions or restrictive measures.”⁹⁸

In addition:

“The U.S. Administration, acting consistent with the respective roles of the President and the Congress, will refrain from re-introducing or re-imposing the sanctions specified in Annex II that it has ceased applying under this JCPOA, without prejudice to the dispute resolution process provided for under this JCPOA... [and] will refrain from imposing

⁹⁶ Steny Hoyer, Press Release, “Hoyer: U.N. Security Council Vote Should Wait for Congressional Review Period,” July 17, 2015. (<http://www.democraticwhip.gov/content/hoyer-un-security-council-vote-should-wait-congressional-review-period>); House Committee on Foreign Affairs, Press Release, “Chairman Royce, McCaul to President on Iran Deal: UN Security Council Should Wait Until Congressional Review is Complete,” July 16, 2015. (<http://foreignaffairs.house.gov/press-release/chairmen-royce-mccaul-president-iran-deal-un-security-council-should-wait-until>); “Congress Leaders Ask White House To Delay UN Vote on Iran Deal,” *JTA*, July 17, 2015. (<http://forward.com/news/breaking-news/312210/congress-leaders-ask-white-house-to-delay-un-vote-on-iran-deal/>)

⁹⁷ “Joint Comprehensive Plan of Action,” Vienna, July 14, 2015, paragraph 37. (http://eeas.europa.eu/statements-eeas/docs/iran_agreement/iran_joint-comprehensive-plan-of-action_en.pdf)

⁹⁸ *Ibid.*, paragraph 26.

new nuclear-related sanctions. *Iran has stated that it will treat such a re-introduction or re-imposition of the sanctions specified in Annex II, or such an imposition of new nuclear-related sanctions, as grounds to cease preforming its commitments under this JCPOA in whole or in part.*⁹⁹ (emphasis added)

Finally, the JCPOA contains an explicit requirement for the EU and the United States to do nothing to interfere with the normalization of trade and economic relations with Iran:

“The EU and its Member States and the United States, consistent with their respective laws, will *refrain from any policy specifically intended to directly and adversely affect the normalization of trade and economic relations with Iran* inconsistent with their commitments not to undermine the successful implementation of this JCPOA.”¹⁰⁰ (emphasis added)

Iran can use these provisions to argue that any re-imposition of sanctions, even if implemented on non-nuclear grounds “adversely affects the normalization of trade and economic relations” and will challenge attempts by the EU or United States to re-instate sanctions on non-nuclear grounds. Iran will threaten to simply walk away from the deal and expand its nuclear program.

Even while incrementally cheating on its commitments, Iran could force the United States and Europe to choose between not strictly enforcing the agreement and abrogating the whole agreement. Given the normal political and diplomatic environment, which encourages parties not to undermine existing agreements, it is highly likely that the United States and Europe would choose not to address incremental cheating. Iran is likely to get away with small- and medium-sized violations, since both the United States and Europe are heavily invested in this deal and would only abrogate it for a major violation. **The JCPOA’s language also provides Iran with an opening to insist that other non-nuclear sanctions measures, including Iran’s inclusion on the state sponsor of terrorism list, hinders trade and therefore should be terminated.**

This JCPOA is flawed in its design; it contains no peaceful, effective means to enforce the deal and explicitly provides Iran with an opening for a nuclear snapback that it can use to characterize itself as the aggrieved party if the EU or U.S. re-imposes sanctions. This nuclear snapback could be particularly effective against the Europeans, who will be loathe to do anything that leads to Iranian nuclear escalation, and on whose support the United States needs on the Joint Committee, at the U.N. Security Council, in a coordinated transatlantic snapback scenario of EU and U.S. sanctions, or, at a minimum, to comply with U.S. secondary sanctions. To neutralize the effectiveness of economic snapbacks, Iran could target Europe as the weakest link through threats of nuclear escalation or through inducements of substantial investment and commercial opportunities.

CONGRESSIONAL DEFENSE OF THE SANCTIONS ARCHITECTURE

Congress should require the administration to renegotiate certain terms of the proposed JCPOA and resubmit the amended agreement for congressional approval. It is not

⁹⁹ Ibid.

¹⁰⁰ Ibid, paragraph 29.

Mark Dubowitz

July 23, 2015

unprecedented that Congress and the administration should work together to renegotiate the terms of a treaty or non-binding agreement. Congress can use this precedent to encourage the strengthening of the deal on its technical and conceptual merits. **Specifically, Congress can ensure that the sanctions architecture is not precipitous unraveled. This defense of the sanctions architecture will provide peaceful economic leverage to enforce a better deal.**

Tie Sanctions Relief to Demonstrable Changes in Iranian Conduct

Since sanctions snapbacks are a flawed mechanism, the lifting of sanctions should be tied to changes in Iran's conduct that prompted the sanctions in the first place. The provision of sanctions relief should only occur after Iran meets specific, verifiable nuclear and illicit finance benchmarks.

Congress should require that the Obama Administration renegotiate the terms of the sanctions relief. The administration and Congress should work together to create a more effective sanctions relief program that deters and punishes Iranian non-compliance and supports the monitoring, verification, and inspection regime. The United States should also make it clear to Iran that Washington will continue to impose sanctions and target Iran's support for terrorism and its abuse of human rights, and particularly the dangerous role played by the IRGC across a range of illicit activities.

The following recommendations outline how Congress can defend the conduct-based sanctions architecture. These recommendations are aimed at providing a more effective mechanism for sanctions relief under an amended JCPOA.

1. Develop a rehabilitation program for designated Iranian banks that puts the onus on Tehran to demonstrate that the banks are no longer engaged in illicit financial conduct.

While U.S. financial sanctions are implemented and enforced by the Treasury Department, Congress can play a crucial role by legislating the terms of a rehabilitation program for designated Iranian banks and by laying out specific benchmarks that must be met prior to the suspension of financial sanctions.

Congress should require that Treasury submit a financial sanctions rehabilitation program plan that includes specific benchmarks that institutions must meet before Treasury suspends or terminates key designations. The rehabilitation program should focus on industry standards of financial integrity. Congress should also require Treasury to include a certification, subject to periodic reviews, that will be published in the Federal Register prior to de-designation.

2. Work with the Obama Administration on licenses to foreign financial institutions and foreign companies engaging in business transactions with Iran.

Given the significant presence of the IRGC in key strategic sectors of Iran's economy,¹⁰¹ including the financial sector, it will be very difficult for foreign financial institutions to confirm that their counterparts on any transaction are not connected to the IRGC. Only those institutions with the strictest compliance procedures may be able to differentiate between upstanding Iranian corporations and corrupt firms. Western banks, especially those that have previously run afoul of U.S. sanctions, may be hesitant to re-enter the Iranian financial market and reportedly only considering financing non-Iranian firms working in Iran.¹⁰²

The United States can incentivize the implementation of strict due diligence and "know your customer" procedures by granting special licenses to companies to operate in Iran, but only for transactions not connected to the IRGC and not in support of terrorism, ballistic missile development, and human rights abuses. Even those foreign financial institutions will face significant risks from IRGC, ballistic missile, terrorism, and human rights sanctions; from lawyers seeking to collect on tens of billions of dollars in judgments on behalf of victims of Iranian terrorism; and from the reputational damage from association with repressive and dangerous regime elements. Buyer and seller beware will likely still be the operating principle for heads of global compliance of these banks long after a nuclear deal is concluded.

3. Legislate criteria for the suspension of sanctions on the Central Bank of Iran and the lifting of the Section 311 finding.

The suspension of sanctions against the Central Bank of Iran, even more than the de-designation of individual Iranian banks, will provide significant relief to Iran and should therefore also be tied to verifiable changes in Iranian behavior. Lawmakers could require the president to certify to Congress, prior to suspending sanctions against the CBI and prior to the lifting of the Section 311 finding, that Iran is no longer a "jurisdiction of primary money laundering concern" and that the CBI, as the central pillar of Iran's illicit financial activities, is no longer engaged in "support for terrorism," "pursuit of weapons of mass destruction," including the development of ballistic missiles, or any "illicit and deceptive financial activities." Congress should stipulate that Treasury must certify that the entire country's financial system no longer poses "illicit finance risks for the global financial system." Congress should consider enshrining the Section 311 finding in legislation and making the lifting of the 311 subject to specific termination criteria relating to Iranian illicit conduct.

¹⁰¹ Emanucl Ottolenghi & Saeed Ghasseminjad, "Who Really Controls Iran's Economy," *The National Interest*, May 20, 2015, (<http://nationalinterest.org/feature/who-really-controls-irans-economy-12925>); Ali Alfoneh, "Sanctions Relief and the IRGC," *FDD Policy Brief*, June 4, 2015, (<http://www.defenddemocracy.org/media-hit/ali-alfoneh-sanctions-relief-and-the-irgc/>)

¹⁰² Martin Arnold, Simond Kerr, & Ben McLannahan, "Post-Deal Iran an Opportunity but Legal Minefield Too," *Financial Times*, July 19, 2015, (<http://www.ft.com/intl/cms/s/0/dc76399e-2aff-11e5-8613-e7aedbb7bdb7.html#axzz3gTRC6LZP>)

4. Legislate under what circumstances funds in escrow accounts can be released.

An estimated \$100 billion in Iranian oil revenues have accumulated in semi-restricted escrow accounts and can only be spent on non-sanctionable goods in the countries where they are accumulating or on humanitarian goods from a third country. Between January 2014 and June 30, 2015, under the JPOA, Iran received \$11.9 billion in installments from these escrow accounts.¹⁰³ Instead of allowing the repatriation of the funds to Iran, Congress should amend the Iran Threat Reduction Act (ITRA) to create a mechanism for the release of specific amounts in installments if Iran is complying with its commitments. However, these funds should not be repatriated to Iran and be moved to escrow accounts where Iran can spend them on non-sanctionable European goods and where they can be more easily recaptured in a snapback scenario (European banks are more likely to comply than Chinese banks, for example). None of these escrowed oil funds should be repatriated back to Iran until Treasury certifies that Iran is no longer a “primary money laundering concern” and a state sponsor of terrorism and Congress approves this certification.

5. Enforce and expand designations of IRGC-affiliated entities.

Even an amended JCPOA will not address Iran’s support for terrorism, threatening and destabilizing behavior towards its neighbors, and systematic human rights abuses. As such, Congress should require presidential certifications that no sanctions relief will go to the IRGC or IRGC-affiliated entities.

Congress could clarify that it expects that no sanctions on IRGC-linked entities, whether based on nuclear, ballistic missile, or terrorism activities, will be lifted against any entity or financial institution until the president certifies that Iran is no longer a state sponsor of terrorism and the IRGC no longer meets the criteria as a designated entity under U.S. law. Congress should go further and designate the IRGC in its entirety under Executive Order 13224 for its role in directing and supporting international terrorism (it is currently only designated under Executive Order 13382 for proliferation purposes; the Quds Force is designated under EO 13224).

6. Enforce and expand IRGC, terrorism- and human rights-related designations.

Iran’s continued support for global terrorism requires that U.S. terrorism sanctions be maintained and expanded. Iran’s human rights record has, by numerous expert accounts, deteriorated under President Hassan Rouhani.¹⁰⁴ Congress should work with the Obama Administration to enhance terrorism sanctions, particularly focused on the IRGC and Quds Force and its various officials, entities, and instrumentalities. Congress should work with the Obama Administration to

¹⁰³ Department of the Treasury, “Frequently Asked Questions Relating to the Extension of Temporary Sanctions Relief through June 30, 2015, to Implement the Joint Plan of Action between the P5 + 1 and the Islamic Republic of Iran,” November 25, 2014, pages 5-6, (http://www.treasury.gov/resource-center/sanctions/Programs/Documents/jpoa_ext_faq_11252014.pdf)

¹⁰⁴ “Iranian Nobel Laureate: Human Rights As Bad As Under Ahmadinejad,” *Associated Press*, November 12, 2014, (<http://english.alarabiya.net/en/perspective/features/2014/11/12/Iranian-Nobel-laureate-Human-rights-as-bad-as-under-Ahmadinejad.html>); Sangwon Yoon, “Iran Leader Fails to Deliver on Rights Promises, UN Says,” *Bloomberg*, October 27, 2014, (<http://www.bloomberg.com/news/2014-10-27/iran-leader-fails-to-deliver-on-rights-promises-un-says.html>)

Mark Dubowitz

July 23, 2015

significantly expand U.S. human rights sanctions against any and all Iranian officials, entities, and instrumentalities engaged in human rights abuses. The penalties for both of these sanctions should go beyond travel bans and asset freezes and target the sectors, entities, and instrumentalities that provide revenues to fund Iranian terrorism activities and/or human rights abuses.

CONCLUSION

As a result of the sunset of restrictions on Iran's nuclear program and ballistic missile program and the access to heavy weaponry, Iran over time will be permitted not only to maintain its current nuclear capacity, but also to develop it further to an industrial-size nuclear program with a near-zero breakout time, an easier-to-hide and more efficient advanced-centrifuge-powered clandestine sneak-out pathway, and multiple heavy water reactors. Iran will be able to buy and sell heavy weaponry with the expiration of the arms embargo, bolstering IRGC military capabilities, and arming the most destabilizing and dangerous regimes and terrorism organizations. Iran will also be able to access key technologies to further develop its long-range ballistic missile program, including for the building of an ICBM that threatens the United States.

At the same time, the JCPOA dismantles much of the international sanctions architecture, while abandoning the core principles of the conduct-based sanctions regime that the Obama and George W. Bush administrations had built up for more than a decade. The unraveling of the U.S. and EU sanctions regimes leaves Iran as a growing economy increasingly immunized against future economic sanctions snapbacks. It provides Iran with \$150 billion in early sanctions relief and hundreds of billions of dollars in future relief with which the leading state of terrorism can continue to fund its dangerous activities. Of great concern, the JCPOA provides Iran with a "nuclear snapback" to intimidate Europe, the United States, and other countries, to refrain from using sanctions as an effective mechanism to enforce the nuclear agreement and to target the full range of its illicit conduct including its support for terrorism.

The JCPOA is a fundamentally flawed deal in its inherent design. Rather than block Iran's pathways to a nuclear bomb, it provides a new path, the "patient path." Congress should require the Obama Administration to renegotiate and fix the major flaws of the agreement and resubmit an amended JCPOA to Congress for review. Simultaneously, Congress should defend the economic sanctions architecture it helped create and tie all future sanctions relief to verifiable changes in Iranian conduct that prompted the sanctions in the first place.

Chairman ROYCE. Thank you, Mr. Dubowitz.
 Ilan.

**STATEMENT OF MR. ILAN GOLDENBERG, SENIOR FELLOW
 AND DIRECTOR, MIDDLE EAST SECURITY PROGRAM, CEN-
 TER FOR A NEW AMERICAN SECURITY**

Mr. GOLDENBERG. Chairman Royce, Ranking Member Engel, members of the committee, I am pleased to be before you today testifying on the nuclear agreement reached between Iran and the P5+1.

I want to make three central points. First, the agreement isn't perfect, but, if effectively implemented, should deter Iran from pursuing a nuclear weapon for years to come. Second, the deal is a far better option than any of the realistic alternatives. And, finally, what will be more important than the agreement itself are the policies that the U.S. pursues after the agreement, and I think here Congress has a major role to play.

The limitations on Iran's uranium enrichment capacity and plutonium pathway will put it at least a year away from a bomb using its known facilities. This will create a situation where Iran will be deterred from going for a bomb, because it knows that if it started to dash it would be quickly caught and attacked. This fear of being caught is what has deterred Iran for the past 20 years from going to the bomb, even as it got closer and closer.

The agreement should successfully deter Iran from pursuing a nuclear weapon using secret facilities. The inspection regime gives the IAEA visibility into every element of Iran's supply chain, making it exceedingly difficult for Iran to establish an entirely new secret pathway. Even with less stringent inspections, we caught Iran at both Natanz and Fordow years before those facilities became operational, and we can do that again.

The agreement also puts in place the right incentives for Iran to comply. It receives no sanctions relief until it has already implemented the key nuclear concessions, and the snapback mechanism gives the United States an option to retrigger sanctions without the possibility of a Russian veto.

The biggest weakness of the agreement, and my co-panelists have talked about this, is that the restrictions, particularly on uranium enrichment, start coming off in years 10 to 15. I would have preferred for this time to be longer, but the most important elements of the agreement are inspections and intrusive monitoring, because that is the most likely pathway for an Iranian bomb, and those stay in place forever.

Moreover, no other option buys 13 to 15 years with a breakout time that is longer than today, not even a military option. I am quite confident of this, having spent a number of years working this issue closely at the Pentagon. Fifteen years is a long time in the Middle East. And even after 15 years many of the same options that we have today are still there.

It is true that some of the \$100 billion that Iran receives after it has implemented the key provisions of the agreement will likely go toward terrorism, but most will go toward repairing the economy. It was the threat of regime collapse that brought Iran's leadership to the table in the first place. It would make no sense for

them to not address that core problem. That is why they are sitting at the table looking for sanctions relief.

A few billion dollars in extra funds to Iranian terrorism is a terrible thing, but it is something that the United States of America can counter through a more aggressive policy of training partner special operation forces, intelligence-sharing, joint covert action, and interdiction policies, working closely with the Saudis, the Israelis, and other key partners.

What will be much more difficult to counter is an Iran that is able to provide a nuclear umbrella to its terrorist proxies, which is why we need to focus on the nuclear question first. The other argument is that we should have walked away and gotten a better deal. We already tried that approach between 2003 and 2005, and those talks collapsed. Afterwards, the United States and its partners began a decade-long effort to increase economic pressure, and Iran responded by increasing the size of its nuclear program from 164 to 20,000 centrifuges.

This is the Iranian centrifuge snapback option that exists no matter what. It exists tomorrow; it exists under this deal. This is their point of leverage, so I don't buy the agreement that somehow this deal creates that snapback option.

If in 2013 we had levied new sanctions and gone for a better deal, Iran would have continued to build out its program, and today it would be only weeks away from a bomb. The United States would be faced with the dilemma of pursuing military action or allowing Iran to achieve a virtual nuclear capability today.

Finally, the success or failure of the nuclear agreement will depend on the policies we now pursue, both in implementing the deal and in how we approach the Middle East. Congress should play an active oversight role. It can pursue legislation that creates additional snapback options outside the deal.

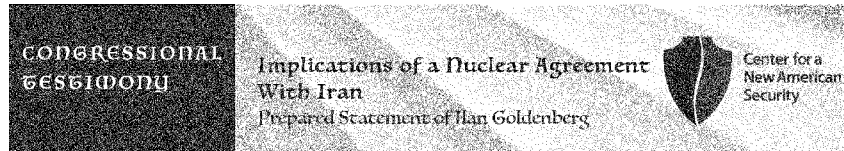
It can establish a committee to ensure long-term implementation and oversight. It can provide more funding to the IAEA to make sure we have as many inspectors as possible and the best technology possible. That is, of course, if the deal passes the 60-day review period, which will be the first order for Congress to deal with.

Congress should also push the administration to articulate a clear regional strategy that involves more forcefully pushing back on Iran's support for surrogates and proxies and reassuring Israel and Saudi Arabia. This has been a real weakness of the administration's policy and one that requires a course correction that this President can begin, but that really the next President will have to also lead by pushing back more forcefully against Iran and by also spending more time with the Saudis and Israelis addressing their concerns about Iran.

So I hope we can spend more time today talking about U.S. policy options going forward, and I look forward to your questions.

Thank you very much.

[The prepared statement of Mr. Goldenberg follows:]



July 23, 2015

Testimony before the House Foreign Affairs Committee

Prepared Statement of Ilan Goldenberg

Senior Fellow and Director of the Middle East Security Program, Center for a New American Security

Chairman Royce, Ranking Member Engel, Members of the Committee, thank you very much for the opportunity to testify before you today about the Joint Comprehensive Plan of Action (JCPOA) recently agreed to by Iran and the P5+1 in Vienna. This is a historic moment in American foreign policy and it is important that Congress exercises its crucial role and reviews this agreement.

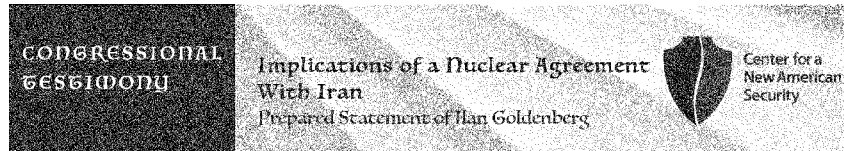
I will focus my remarks today primarily on the strengths and weaknesses of the agreement as well as the potential alternatives to the nuclear agreement negotiated by the Obama administration. I will then review the potential regional implications of the agreement for Iran, Saudi Arabia, and Israel. Finally, I will close with a series of recommendations for how Congress can exercise its oversight role to improve the likelihood of success of the agreement, while also pushing back on Iranian influence in the region, reassuring our regional partners, and looking for possible openings in the aftermath of the deal.

The Joint Comprehensive Plan of Action

Creating the Necessary Window of Vulnerability

The nuclear agreement reached in Vienna creates conditions that have a high likelihood of deterring Iran from ever trying an overt or covert breakout to a nuclear weapon. To understand why, it is important first to understand Iran's nuclear strategy. Since the start of the Obama administration, Iran has been within a year's time of obtaining enough nuclear material for a bomb. However, during this time Iran has not actually pursued a bomb. The final steps necessary to reach over 90 percent highly enriched uranium are quite conspicuous and cannot be explained as dual use activities meant for Iran's civilian nuclear energy program. Any attempt to pursue this course of action would be quickly noticed, creating a window of vulnerability during which Israel, the United States, or some international coalition could strike the program and set it back. Iran has slowly sought to shrink this window of vulnerability so that should it ever decide to break out, it would be able to do so with less risk. This strategy has entailed building more centrifuges, improving their efficiency, increasing stockpiles of low enriched uranium, and building facilities that are more difficult to attack. The real measure of this deal's effectiveness is whether or not it can reverse Iran's attempts to expand its nuclear program and set the Iranians far enough away from a nuclear weapon that they will never dare risk pursuing a breakout. In other words, a deal has to keep that window of vulnerability large enough. That is precisely what this deal does.

The agreement puts in place the conditions to successfully deter Iran from pursuing an overt breakout using its existing uranium enrichment facilities. The limitations Iran has agreed to on the size of its enrichment program include no more than a 300 kilogram stockpile of 3.67 percent of low-enriched uranium for 15 years; 6,000 spinning centrifuges for 10 years; and limitations on research and development of next generation centrifuges. Together these limitations create a one-year breakout time for the first ten years of the agreement and a shrinking breakout time during years 10–15 that is likely to still keep Iran further from a nuclear weapon than the two-to-three month breakout time that it faces



today. These timeframes should create a sufficient window of vulnerability in which Iran is deterred from pursuing a nuclear weapon through this pathway out of fear that it would be quickly caught and stopped if it tried a covert breakout to a bomb. It is also important to note that these breakout times are based on worst case scenarios that assume Iran will dash to only one weapon; in reality states that pursue nuclear weapons start by dashing to a small arsenal so it may have a credible deterrent and the ability to test a nuclear weapon. This would take significantly longer than one year.

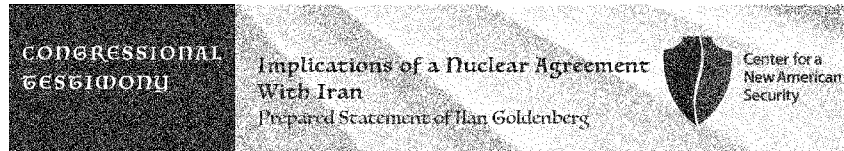
The agreement also blocks the plutonium pathway by forcing Iran to replace the core of the Arak heavy water reactor. The current core, if made operational, could produce spent fuel that if further processed could produce one to two bombs worth of plutonium each year. The new core will only be able to produce enough plutonium for one bomb every four years and only if Iran were to take steps to modify it that would be immediately detected by the IAEA. Beyond that, Iran has agreed to forgo all reprocessing capabilities so it will not have the capacity to convert the spent fuel into material that could be used for a nuclear weapon. It has agreed to ship all spent fuel out of Iran.

The agreement should also be able to successfully deter Iran from covertly pursuing a nuclear weapon using secret facilities. The unprecedented cradle to grave inspections mechanisms, including 25 years of access to Iranian uranium mining facilities, 20 years of access to centrifuge production facilities, the permanent ratification of the Additional Protocol, and a dedicated procurement channel will make it exceedingly difficult for Iran to establish an entirely new secret production chain apart from its existing facilities. It is also important to note that even with less stringent inspections in the past, when Iran cheated it was caught at both Natanz and Fordow long before either of those facilities became operational. A full and public confession of all of Iran's previous nuclear weapon research previous activity is not necessary. Instead, it is important that nuclear scientists and intelligence professionals have sufficient information about the past to be able to detect similar work in the future. The roadmap agreed to by Iran and the IAEA fulfills this condition and ensures that questions about the possible military dimensions of Iran's nuclear program are addressed before any sanctions relief is granted.

Finally, the agreement keeps in place sufficient leverage to deter Iranian cheating and ensure that Iran lives up to its commitments. The agreement creates a structure whereby major sanctions relief is not granted until after Iran has taken significant steps that are very difficult to reverse. It also puts in place a sanctions snapback mechanism that allows the United States and its European partners to quickly reimpose sanctions without the possibility of a Russian or Chinese veto. Thus, the costs for Iranian cheating will remain high even after sanctions relief.

The Sunset Problem

Of course, the agreement is far from perfect as no tough international negotiation yields a deal that is completely satisfactory to all sides. Perhaps the greatest weakness of the agreement is that some of the constraints on Iran's nuclear activities are lifted after 10–15 years, particularly with regards to its centrifuge capacity and ability to conduct research and development on next-generation centrifuges. Opponents will rightfully argue that there is a danger that this agreement leaves in place the potential for Iran to become a nuclear threshold state in 15 years and it is certainly true that permanent restrictions would have been more effective.



The good news is that the agreement still leaves in place a number of sufficient checks that last longer than 15 years. Most important, the key elements of the inspections regime, including the Additional Protocol, remain in place forever or for 25 years, giving the United States and its partners unprecedented visibility into Iran's nuclear program. Iran is also forbidden from ever pursuing any research and development activities that could contribute to the development of a nuclear explosive device, including uranium or plutonium metallurgy activities. Through the joint oversight mechanism the United States will have the ability to gain visibility into Iran's research and development plans and block any changes Iran proposes that the United States find unacceptable.

Additionally, the civilian nuclear cooperation that is envisioned in the agreement will over time ensure that the types of technologies that are shared with Iran allow it to build out a normal civilian nuclear program, while constraining its ability to use these technologies for weapons purposes. Indeed, there is a long history of non-proliferation agreements, including 1-2-3 agreements designed to share top-end civilian nuclear technology while specifically putting in place limitations that prevent a country from weaponizing and provide economic incentives for it to not pursue nuclear weapons.

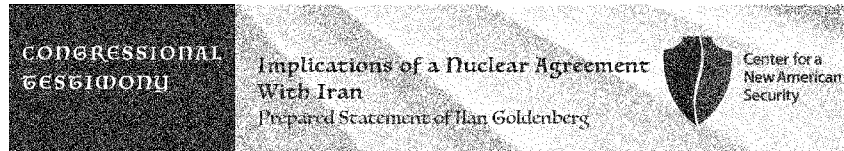
It is also important to note that there is no other option that could ensure that for the next 15 years Iran will not have nuclear weapons, including military strikes. And 15 years is a long time in the unpredictable and unstable Middle East. In a region facing so many other problems, dramatically restricting Iran's nuclear program for 15 years is certainly a notable achievement. If 15 years from now Iran chooses to violate the agreement or does not appear to be pursuing a credible civilian nuclear energy program, the same diplomatic, economic, and military options will be available to the United States and its partners.

No Credible Alternatives

While the agreement is not ideal, it is far superior to the alternatives that have been posited. Opponents argue that the United States should have held out, imposed tougher sanctions, and reached a better deal that eliminated Iran's nuclear capabilities. But the reality is that the United States and its partners already tried that approach and it failed.

Between 2003 and 2005 Iran suspended its nuclear program and entered negotiations with France, Germany, and the United Kingdom. At the time, Iran had a nascent program with 164 centrifuges and was willing to accept an agreement similar to the one that proponents of a better deal today extol. But rather than take that agreement, the parties walked away.

Afterwards, the United States and its partners began the effort to increase economic pressure on Iran, levying multiple Security Council resolutions and building out a robust international sanctions regime. Iran responded by increasing the size of its nuclear program, building 20,000 centrifuges and changing facts on the ground – all of which occurred under sanctions pressure. At the time of President Rouhani's election in 2013 Iran's breakout time to a bomb's worth of highly enriched uranium had decreased to only two to three months. At that point, the President Obama had a choice either to seize the opportunity for an opening and freeze Iran's nuclear program through the Joint Plan of Action or continue to apply pressure. If the United States had continued to apply pressure and gone for a "better deal," Iran would have



continued to build out its program. By now, Iran's economy would have been even more devastated, but it also would be only weeks away from a bomb. And the United States would be faced with the very real dilemma of pursuing military action or allowing Iran to achieve a virtual nuclear capability.

The possibility of renegotiating a better deal is even more infeasible today than it was prior to the agreement in Vienna. Now that the United States, Iran, and five other world powers have come to an agreement on Iran's nuclear program, the idea that Congress could vote it down and bring Iran to the negotiating table is unrealistic. Instead, Iran would walk away and begin moving forward on its nuclear program even as unity between the United States and its P5+1 partners would be shattered by the United States going back on its word and not fulfilling the agreement.

The other alternative to an agreement is military action. Failure to reach an agreement would not have inevitably meant war, but it would have significantly increased the risk of such an outcome over time. Without a deal, Iran would begin moving ahead on its nuclear program and could eventually leave the U.S. president with the choice of taking action or accepting a nuclear-armed Iran.

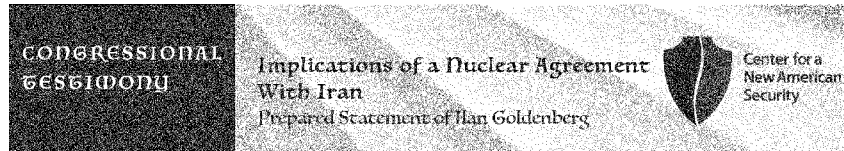
The United States would overwhelmingly dominate such a fight, and the consequences to Iran would be much more severe than to the United States. But military action comes with tremendous risk for all sides. We should remember that when the United States intervenes in a Middle Eastern country it finds it difficult to get out – as evidenced by its involvement in Iraq, which is now approaching 25 years. Moreover, any attack on Iran's nuclear facilities would not set the program back nearly as far as this agreement does.

The Implications of the JCPOA for the Middle East

Internal Iranian Politics and the Possibility of Reform

A major question about the nuclear agreement is whether or not it will change the strategic orientation of the regime and influence not only Iranian capabilities but also intentions. Will the agreement give a boost to pragmatists like Iran's President Hassan Rouhani and allow him and his faction to wield greater influence on Iran's foreign policy? Or will Iranian hardliners reassert themselves and pursue more repressive tactics at home and aggressive policies abroad to ensure that the agreement does not lead to a transformation of Iranian politics and society that they fear would threaten the regime's existence? These questions cannot be answered overnight, and in the aftermath of this agreement there is likely to be a prolonged, intensive political struggle inside the Islamic Republic about its future.

On one side will stand Iran's pragmatic President Rouhani and his allies. They are men of the revolution and not looking to overturn the regime's nature. They will not renounce Iran's nuclear program in its entirety or cease efforts to wield influence through support for groups such as Hezbollah and Iraqi Shia militias. They will still view the United States as a major competitor. But when evaluating foreign policy priorities they put greater emphasis on economic integration and international legitimacy, believing that an approach that is more open to the world is the most effective way for Iran to increase its international influence. As President Rouhani stated in a January 2015 speech, "Gone are the days when it was said if foreign investors come to Iran its independence will suffer ... It's been the economy that pays for the



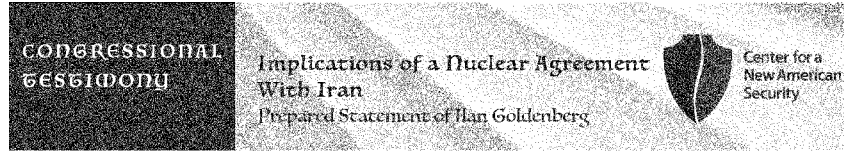
politics ... It would be good for once to act in reverse and have internal politics and foreign policy pay for the economy.”¹

After a nuclear deal, Rouhani will have strong political winds at his back. He will have succeeded in delivering on his promise to Supreme Leader Ali Khamenei to relieve the devastating sanctions harming Iran’s economy and that could have threatened the regime’s stability. With this success, he may have the Supreme Leader’s support and more leverage inside the Iranian system to play an increasingly influential role in Iran’s regional policies in Syria, Iraq, and Yemen, and wrestle some control away from Islamic Revolutionary Guard Corps’ Quds Force (IRGC-QF). He may also potentially be able to leverage the agreement to make some domestic social reforms – though thus far in his presidency he has failed to exert influence in this arena.

The Iranian public’s support for Rouhani and his faction could increase substantially, which could translate into greater influence and more seats in the parliament. Iran is not a democracy, and popular support alone is not enough to shift the internal political balance toward Rouhani, but the population has some influence. The government “vets” all candidates for office, ensuring they are acceptable, and there is a history of manipulating outcomes. But popular support matters, as demonstrated by Rouhani’s surprise election in 2013 when he received barely over 50 percent of the vote and was allowed to assume the presidency without a runoff – which would have been necessary had he achieved only a plurality – even though his views were not as closely aligned with the Supreme Leader as some of the other candidates.

However, it is also plausible that after the agreement, having achieved their objectives of getting out from under sanctions, hardliners led by the Supreme Leader marginalize Rouhani and other pragmatists, continue Iran’s aggressive regional approach, and pursue harsher, more repressive domestic policies. Khamenei’s greatest fear is that the nuclear program leads to a broader rapprochement with the West that eventually topples the regime. He has made clear in his public statements that the nuclear agreement is a one off and not a game-changer in the relationship, stating, “Negotiations with the United States are on the nuclear issue and nothing else.”² Conservatives can leverage the vetting process to eliminate many of Rouhani’s allies from next year’s parliamentary elections and try to topple Rouhani in the 2017 presidential elections. Even though Rouhani’s 2013 election showed that the Iranian public has some influence, the suspicious circumstances surrounding President Mahmoud Ahmadinejad’s 2009 election demonstrate that when the regime considers itself at risk it is capable of manipulating outcomes as necessary.

In reality, the internal struggle will likely take years to play out. Iran’s March 2016 parliamentary elections may be an early indicator, but the most important moment may not come until the Supreme Leader, who is 75 years old and is said to not be in good health, passes away. The Assembly of Experts, an elected body of clerics, is charged with appointing the Supreme Leader, but given the changes in the Islamic Republic in the 25 years since the last succession, it is uncertain precisely how the new leader may be chosen. It is not even clear if the Supreme Leader will be an individual or a committee, and how much power the office will retain relative to the other key centers of power. The outcome of the succession process is likely to be a crucial moment in the history of the Islamic Republic and a strong indicator of whether the regime is moderating and becoming more pragmatic or whether the hardliners are



winning the internal battle.

Anxiety in Saudi Arabia about a Pivot Iran

The anxiety of two of America's closest partners in the Middle East – Israel and Saudi Arabia – both of whom oppose the nuclear agreement with Iran, could have profound implications for American interests in the region and the stability of the Middle East. In the aftermath of an agreement there is a danger that both may pursue riskier and more aggressive policies toward Iran with less coordination with the United States.

Saudi Arabia has expressed concerns that the United States is so focused on an agreement on the nuclear question that it is willing to tolerate Iran's unchecked influence throughout the Middle East. To many in the region, Iranian nuclear ambitions are inextricably linked to Tehran's aggressive support of its proxies. They feel the United States is doing little to counter the rising strength of Iran and its proxies. What the Saudis most fear is that in the aftermath of this nuclear agreement, the United States will cut a deal with Tehran to divide and stabilize the region – and abandon its Arab partners.

Some of the Saudi criticism of the American approach is unfair. For the United States the nuclear issue is still paramount, and given the global consequences of Iran's obtaining a nuclear weapon, prioritizing the nuclear question is the right approach. Moreover, some of the frustration with the United States is closely linked to the Gulf states' anxiety about the instability brought on by the Arab Spring – a problem the United States can help manage but not solve.

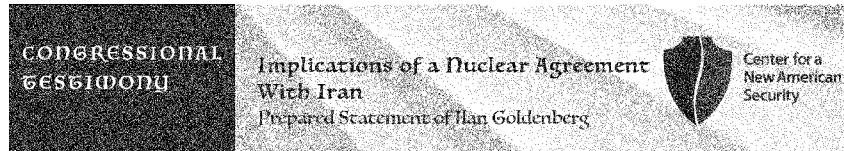
However, part of the Gulf States' criticism is justified. In recent years, the Obama administration has been so focused on the nuclear question that it has largely ignored the question of Iranian regional influence. While the administration has done a reasonable job of managing one crisis after another in the region and avoided entangling the United States in new conflicts, it has not articulated a clear strategy and commitment to the Middle East that could reassure partners.

The United States has clearly recognized this problem and begun to move to address it with the Gulf Cooperation Council (GCC) summit hosted by President Obama at Camp David in May 2015. This summit was the first step in what is likely to be a long process of attempting to convince the Gulf states that the United States is not pivoting to Iran and remains committed to their security.

Impact on the U.S.-Israel Relationship

A nuclear agreement with Iran may also have significant implications for the U.S.-Israel relationship. It could undermine trust between the United States and Israel, as it already has with the very open and public disagreements between President Obama and Prime Minister Benjamin Netanyahu. Given their history of close cooperation against common threats in the region, particularly in the intelligence and security arena, this could hurt both countries' interests.

Iran's regional activities and its extreme rhetoric threatening the existence of the Jewish state are causes of concern for Israelis. However, Israel's greater concern lies with the nuclear agreement itself. The most



significant issue for the Israelis is not necessarily the details of the agreement, such as the number of centrifuges or the overall inspections regime, but the question of enforcement. They believe that while Iran is likely to respect an agreement during the early years of implementation, at some point Iran will cheat or wait out the 10–15 year time period, at which point many of the provisions sunset. By this time, the international community's attention will be diverted to other matters, there will be no forceful response, eventually the deal will erode, and Iran will be left with few limits on its nuclear program and no sanctions.

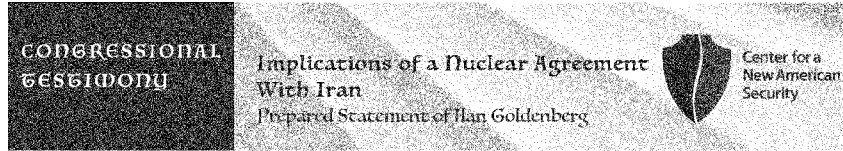
Even as they express their concerns about the nuclear agreement and the policies of the Obama administration, many in the security establishment in Israel are uncomfortable with the public confrontational approach taken by Prime Minister Netanyahu in opposing the agreement. There is a widely held view among Israeli security professionals that the best way for the United States and Israel to work out their differences through private consultations in which Israel could shape and influence American thinking and try to improve the contents of the agreement. Instead, by pursuing this direct confrontation and trying to use Congress to undercut the deal, the prime Minister has turned support for Israel – a traditionally bipartisan issue – into a politically contentious wedge issue that has forced Democratic legislators to choose between the president and leader of their party and the prime minister of Israel.

The good news is that even as political tensions have risen, security cooperation has remained strong. The United States continues to provide billions in security assistance to Israel, including support for the Iron Dome System anti-rocket system, which dramatically improved the security of Israel's population in recent years. In the immediate aftermath of the agreement the Prime Minister is likely to continue to strongly oppose an agreement both publicly and privately. However, once the political confrontation has ended, many in both the United States and Israel hope that relations can begin to improve and that the two traditional partners can return to operating as they used to.

The Way Forward: Regional and Non-Proliferation Policy in the Aftermath of the Agreement

While the agreement itself is critical, what will be more decisive for its success or failure is the set of non-proliferation and regional policies that the United States pursues in the aftermath of the deal. In 10–15 years the world could see a more moderate Iran, reduced instability in the Middle East, a stronger global non-proliferation regime, and an environment in which America's prestige and influence has increased as a result of the nuclear agreement. On the other hand, with poor execution and the wrong policies the United States could face a very different world in 2025: a more hostile and aggressive Iran on the verge of nuclear weapons; a Middle East still drowning in sectarian violence and civil war; a damaged non-proliferation regime; and an international perception that the nuclear agreement with Iran was a historic mistake that significantly harmed American interests.

Congress, working with the executive branch, can exercise its oversight responsibilities by trying to promote policies that put the United States on the right path, such as strengthening the agreement with mechanisms outside of the deal; pushing back on Iran's support for surrogates and proxies in the region; reassuring U.S. regional partners; and looking for ways over time to improve communication with Iran and find some areas of common interest.



Strengthen the nuclear agreement by taking steps outside of the P5+1 negotiations with Iran to set conditions for effective long-term enforcement and implementation

The United States should work with key stakeholders including Congress, Israel, and the P5+1 on a series of measures outside the direct negotiations with Iran to strengthen the deal. The United States should derive from the final agreement a clear and specific set of criteria to judge potential Iranian violations. These violations should then be tied to proportional punitive steps that the president could take to respond in the event of a violation. Establishing internal criteria and clearly articulating it to Iran will increase the United States' ability to deter Iranian violations and reduce the risk that Iran is able to slowly erode the agreement through minor violations.

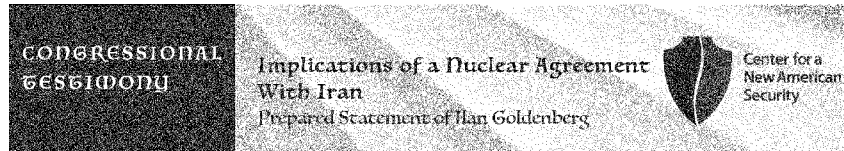
The executive branch should consult with Congress on this approach and together negotiate legislation that includes some of these metrics and provides the president the necessary authorities to impose punishments in the event of violations. The legislation should also include rigorous reporting criteria and the requirement for the executive branch to provide quarterly high-level classified briefings to members of Congress for the duration of the agreement. In an ideal world, Congress should establish a subcommittee specifically dedicated to this issue, as it has for other high profile arms control agreements, to ensure long-term monitoring and implementation. The legislation should include increased funding for the IAEA, giving it the necessary resources to implement the agreement in the most robust way possible – particularly by adding more inspectors and technology for monitoring. The IAEA is developing estimates of how much it will cost it to implement the deal: Early indications from Director General Yukiya Amano suggest an additional cost of approximately \$10 million per year – a small price to pay for greater transparency into Iran's nuclear program.

More forcefully counter Iranian actions that are against U.S. interests, most notably their support for surrogates and proxies in the Middle East

The United States should significantly increase its efforts to counter Iran's regional surrogates and proxies. Such an approach is intended to deter Iranian meddling in the region by signaling to Iran's leadership, particularly some of the hardliners and leaders of the IRGC-QF, that Iran is not ascendant in the region and that if it pushes too far it risks a direct conflict with the United States. These actions would also signal to America's Arab partners, especially Saudi Arabia, that the United States is not abandoning the region to Iran or pursuing the feared "Persian Pivot."

This means making clear to Iran that even though it might receive sanctions relief through a nuclear deal, it will not be fully welcomed back into the community of nations or receive relief from terrorism-related sanctions until it stops playing a destructive role in Syria, Iraq, Yemen, and Lebanon.

The United States should also dramatically increase cooperation with regional partners to counter the threat posed by Iran. This should start with a high-level strategic dialogue with Saudi Arabia and other key partners that is focused on coordinating a joint policy to counter Iran's support for surrogates and proxies. It should include the creation of a multi-national joint task force that targets unconventional threats from the IRGC and Sunni extremists. This task force could jointly work on a number of tasks



including increasing interdictions of Iranian weapons shipments, improving intelligence cooperation between the United States and its partners, increasing the emphasis of training and joint exercises of special operations forces, and pursuing more aggressive joint covert actions against Iranian supported terrorism.

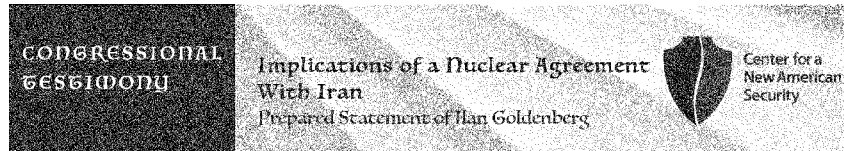
One of the greatest challenges in this approach will be not to inadvertently stoke sectarianism and increase regional instability by backing questionable policies of our partners. The most effective way to do this would be for the United States and its Gulf partners to begin a robust strategic dialogue on how to jointly counter most effectively the unconventional threats posed by Iran and what the ultimate political objectives of such an effort may be. At a minimum, there needs to be an agreement that America's regional partners' funding of Sunni extremism is not the answer to fighting Shia extremism. Beyond that, cooperation could include training and joint intelligence programs focused on building partner capacity and using American experiences in countering unconventional threats in Iraq and Afghanistan to steer Arab partners in a more effective direction, as opposed to pursuing scorched earth policies that alienate local populations and deepen the sectarian divide. Such an approach will be difficult and take years to implement, but the alternative of leaving our Arab partners to their own devices to pursue ineffective and sectarian policies without American influence is not a solution.

Maintain and deepen U.S. commitments to regional partners to deter Iranian aggression and dissuade American partners from taking destabilizing steps

The United States should find ways to signal to its regional partners that it remains committed to their security. It is still important to maintain a robust conventional military presence in the Middle East after an agreement to deter Iran from aggressively pursuing its destabilizing activities in the region, violating the nuclear agreement and threatening freedom of navigation and the flow of energy resources. Despite the regional focus on the unconventional Iranian threat, a conventional presence will also reassure partners that the United States remains committed to their security. Providing the Arab states greater confidence in American commitments will be a useful tool for dissuading them from lashing out more aggressively at Iran in ways that may exacerbate the sectarian divide. It could also reduce the likelihood that the Arab states would pursue their own domestic enrichment capability in response to Iran.

In pursuing this approach, the United States will have to maintain a careful balance. A major influx of U.S. assets to the region could be provocative, undermine both Iran's confidence in the agreement and American intentions, and reduce the likelihood of increased cooperation over time. But any significant withdrawal of assets would shake the confidence of both the Arab states and Israel. The guiding principle should be to maintain an American force posture that is essentially the same or slightly enhanced. The United States could consider forward stationing a limited number of more advanced manned and unmanned aircraft and missile defense assets in the region, but should not go too far beyond that. If the agreement takes hold and over time Iran's behavior moderates, there is the potential for a "peace dividend" in the long term.

The United States could also consider increased arms sales to the Gulf states. Ideally, these should focus on defensive capabilities such as minesweepers and ballistic missile defense that could address the Iranian mining and missile threat. It should also include the types of capabilities that would make our Arab



partners more capable at countering the unconventional Iranian challenge, such as tactical tools like night vision goggles and weapons optics, and more strategic capabilities like advanced unmanned aerial vehicles and the networking architecture to enhance air and maritime domain awareness.

Cooperate with Iran on issues of common interest, both to stabilize the Middle East and increase the likelihood of a more moderate and cooperative Iran

Even as we push back against Iranian influence and reassure our partners, the United States should take advantage of the agreement to improve relations with Iran. The United States needs to be realistic and recognize that given conflicting interests in the region, domestic politics both in the United States and in Iran, and the concerns of other regional partners, a close and collaborative relationship is unlikely – certainly in the near term. Instead, the United States should view the first few years of an agreement as the time to transition U.S.-Iran relations from a state of complete adversarial dysfunction to one of normal competition, where the two look for areas of overlapping interest even as they compete when their interests diverge.

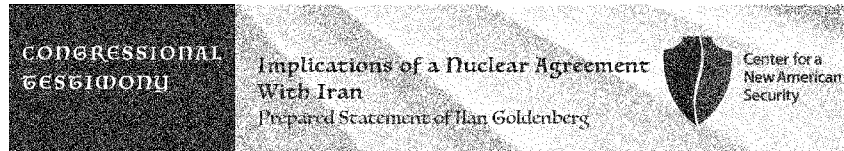
A natural first step would be improving communication. For 35 years Iran and the United States have lacked direct channels for dialogue. The nuclear talks have broken this taboo through sustained engagement at the highest levels between the Iranian foreign minister and the American secretary of state. The United States should take advantage and reinforce this trend by eliminating the U.S. government's no contact policy, which prohibits regular interactions between American and Iranian diplomats without special high-level authorization.

In addition, the United States should focus on areas of foreign policy where pragmatists such as Rouhani and Zarif will have greater influence and see if the United States can help the pragmatists achieve additional foreign policy wins within the Iranian government. One area where this might be possible is by deepening economic ties between the two states. This will take time; the United States and Iran have not had significant economic relations for years, but as sanctions are removed there may be opportunities to change this and for Rouhani to demonstrate the economic benefits of engagement.

On the security front, cooperation can start small, with issues that are less politically charged and where American and Iranian interests are more congruous. For example, the United States and Iran share an interest in avoiding unintended military conflict in the Persian Gulf and countering maritime piracy to ensure the free flow of energy resources and broader trade and commerce. There may also be opportunities in Afghanistan to work together on counternarcotics efforts.

Conclusion

The agreement on the JCPOA represents a historic moment that deserves a fair and comprehensive debate. While the deal is imperfect it accomplishes key American foreign policy objectives by preventing any real possibility of Iran obtaining nuclear weapons in the next 15 years and making it extraordinarily difficult for them to pursue a nuclear weapon thereafter. It is also far superior to the available alternatives. Still, much will depend on U.S. policy after the agreement. Congress and the executive branch must work together on an effective policy that strengthens implementation of the agreement, pushes back on Iran's



support for terrorism in the Middle East, rebuilds ties with Israel and the GCC, and looks for some areas of tactical cooperation with Iran.

¹ Ladane Nasseri, "Rouhani Tells Iranians Economy Can't Grow With Nation Isolated," *Bloomberg*, January 4, 2015, <http://www.bloomberg.com/news/articles/2015-01-04/iran-s-economy-can-t-grow-while-nation-isolated-rouhani-says>.

² AFP, "Iran's Leaders Rules Out Cooperation with US," *MSN News*, March 21, 2015, <http://www.msn.com/en-ph/news/other/irans-leader-rules-out-regional-cooperation-with-us/ar-BBixQu0>.

Chairman ROYCE. Thank you.

Ambassador Joseph, as you note, and as General Hayden testified last week, it is not the declared sites in Iran that is the biggest concern. It is the undeclared sites, the military bases where Iran has cheated in the past, the ones that the Supreme Leader still says we will never see. Those are the ones that we have got to be concerned about.

You note the considerable delays that can be employed by Iran, drawing out what should be 24 hours to at least 24 days. But let me add one more concern. This suspect site provision is another one of the aspects of this agreement that expires in 15 years. And I would like the members just to concentrate on that for a minute. As I read this provision, it says, "The general provisions section of the agreement says a reliable mechanism to ensure speedy resolution of IAEA access concerns as defined in Annex 1 will last for 15 years." All right?

So, by my read, this is the same time that Iran will be dramatically expanding its program. Without the suspect site provision, international inspectors would just be relying on their underlying authority as part of the additional protocol.

So, Ambassador Joseph, how comfortable are you with that situation?

Mr. JOSEPH. Sir, I share your reading of the agreement, even though there are gaps and ambiguities. If I am uncomfortable with the suspect site provisions in the first 10 to 15 years, I am very uncomfortable after that. It makes a bad situation even worse.

I would like to, because it has been raised, just comment very briefly on this notion of being able to detect cheating because of our ability to find traces of uranium, enriched uranium, or plutonium. The IAEA this year has raised concerns about Iran's cleanup at the military facility at Parchin. And they have stated that they very well may not be able to conduct a thorough investigation given Iran's activities.

Also, not all prohibited activities are traceable through uranium, enriched uranium, or plutonium. I mean, just think about manufacturing centrifuges, for example, with no traces. There are many things that Iran could do at suspect sites that would not be detectable through the national technical means that we have.

The suspect site inspections are, as I say, a fatal flaw in this treaty, because that is where Iran is going to cheat. I am not as worried about Iran cheating at declared facilities where the IAEA inspectors are watching them. I welcome the additional access to those facilities and the additional information that the IAEA will get under the additional protocol and other provisions of this agreement, but that is not where the cheating is going to occur.

It is going to be at the suspect sites. We know that, because that is where it has occurred in the past. And we know that because the Supreme Leader and other Iranian leaders have said, "We will not have access to military facilities."

Chairman ROYCE. Okay. And as you note also, if this agreement is going to really take away Iran's path to a bomb, why would Iran continue pouring money into its ballistic missile program? Why has that become such an obsession for the Supreme Leader that he says it is their responsibility to mass produce I.C.B.M.s? Just what

does this provide Iran in terms of money to invest in the missile program, missiles that can reach the U.S., and the ability to access foreign technology with respect to what Russians wanted out of this deal at the 11th hour?

With more money and foreign technology, where does their program go? And what more should we be doing on missile defense? I say that because up until now, in the interim agreement for a 1½ years, we lifted and basically allowed \$700 million per month to go to Iran. And during the same period of time we see the announcement of the transfer of new rockets, new missiles, not just to Hamas, but now the precision guidance systems into Hezbollah.

So they are doing something with the cash. Ambassador?

Mr. JOSEPH. So Iran will have access to tens of billions, hundreds of billions over the period of this agreement, once the sanctions are released and the assets are provided to Iran. With that money, as you point out, they can invest in their ballistic missile program. They can invest in their nuclear program. They can invest in their terrorist surrogates. They can invest in the Revolutionary Guards and the fomenting of even more instability throughout the region.

They have put a real priority on ballistic missiles, not just long-range ballistic missiles but short and medium range ballistic missiles. This seems to be their delivery means of choice. And in terms of an I.C.B.M., as you pointed out in your opening comments, this is a capability that only makes sense with a nuclear front end. It only makes sense in that context.

So one has to ask the question: Why would they be spending all of this money on an I.C.B.M. capability if they had no intention of developing a nuclear weapon?

In terms of missile defense, I think we need to work with our friends and allies in the region, providing even more support to Israel in our partnership on missile defense. We need to work with our Gulf Arab allies on missile defense as we are doing, but to expand that capability.

We need to ensure that our forces in the region are adequately protected from the shorter and medium range capabilities. And I think, first and foremost, we need to begin to invest more in the defense of the American homeland. That is what the I.C.B.M. is all about—holding American cities hostage.

And what has happened is that we have canceled the original third site in Europe. We have canceled Phase 4 of the phased adaptive approach, which was the only capability that would have the ability to shoot down a long-range Iranian missile. We need to either reinstitute a capability in Europe like the Phase 4 capability or, at a minimum, I believe, we need to build another interceptor site like we have in Fort Greely in Alaska on the east coast to protect against the I.C.B.M. threat, because protection of the American homeland I think is the first priority.

Chairman ROYCE. Thank you, Ambassador Joseph.

Mr. Engel.

Mr. ENGEL. Thank you. Thank you, Mr. Chairman. As you know, in any agreement there are some good things in it, and there are some bad things in it. There are some questionable things in it.

For me, the most problematic aspect of this agreement is that, again, after year 15, there will be no restrictions at all on Iran on

their producing highly enriched uranium. They are home-free. They are essentially legitimatized as a threshold state. That bothers me, because if this were a deal that truly stopped Iran from having a nuclear weapon, then I would feel a lot more comfortable. I am very uneasy with the fact that this again doesn't stop Iran from becoming a nuclear state. It simply postpones it to 15 years from now.

Mr. Goldenberg, how do you react to what I just said?

Mr. GOLDENBERG. Thank you, Congressman. I agree that the weakest element of the agreement is the fact that 15 years from now certain limitations go away. But I think a number of limitations do stay. First, for the next 15 years we are going to have clarity into what Iran's research and development program will look like afterwards and during these 15 years, and it can't start until year 8 or 9.

And if Iran wants to make any changes to that program, the United States will have to approve those because there will be a board that includes the United States that would have to actually—has to vote by consensus. That means on any changes to Iran's R&D program, we all need to approve it, so we have a veto.

We also are going to have 15 years of access to their civilian nuclear program and what they are planning on doing and how they are doing it on various elements that are non-nuclear-related. There is a long history of working with other countries through 123 agreements, through various mechanisms, so you get a full picture of what their scientists look like, what their plans are.

And if we get to year 13 or 14 and this looks all very bad, there are plenty of opportunities then to start working with partners, reimposing sanctions, looking at other options at that point. You know, and we still have also the most important part for an Iranian sneakout, which I still believe is the most important question here is, can they build the HEU separately? That is what they are going to need to do. They are going to need a covert facility where they can actually spin centrifuges and enrich uranium.

They are not going to be able to do that for at least 25 years, because they are not going to have the capacity—because we are going to have 25 years of monitoring of everything, the entire supply chain, from the moment it comes out of the ground all the way to the very end. That is one of the strongest elements of this agreement, and that lasts a lot longer than 15 years.

So I agree it is imperfect. I wish it could be better. I think all of us do. But I think—as I think members here know better than anybody, tough negotiations, whether it is a piece of legislation or an international agreement, are never perfect. You always have to make sacrifices, as you wisely pointed out, Congressman, and this is where we are. I still think it is far superior to the alternative.

Mr. ENGEL. Thank you. Another part of it that is problematic to me is we were told at the beginning that this would only be a discussion about Iran's nuclear program, and that we couldn't raise their support for terrorism, and we couldn't raise the mischief in Syria, in Lebanon, in Yemen, and all the things they do as support for Hezbollah, for Hamas.

And then we see the agreement, and we see that suddenly there is an 8-year limit on ballistic missiles and 5 years on arms sales,

which effectively changes the United Nations resolutions. And suddenly that element of it was put in, which didn't pertain to nuclear weapons, and that was problematic. Anybody care to talk about that? Mr. Dubowitz?

Mr. DUBOWITZ. Ranking Member Engel, that is fundamentally the problem. This is not a 15-year deal. In some respects, this is—I would think of this as an 8-year deal, and you need to look at this deal from the prism not only of nuclear physics, but economics, sanctions, heavy weaponry, and ballistic missiles.

And what the Iranians have done is they have negotiated an agreement where on the front end of this agreement they are effectively dismantling our sanctions regime. That means that they are going to get hundreds of billions of dollars to spend on not only building their economy but building economic resilience against future economic pressure, and getting the money to buy battle tanks and combat aircraft and attack helicopters. They are getting money to develop an I.C.B.M. program. That is all front loaded in the beginning.

And so by year 8, you have effectively arms embargo off, ballistic missiles off, all of the sanctions terminate including congressional sanctions, and now what Iran has done is it has hardened its defenses and hardened its offenses. And so only then, at that point, do the restrictions on R&D and the nuclear physics sunset provisions start kicking in.

But at that point, what Iran has done is they have effectively hardened themselves defensively, economically. They have built a powerful I.C.B.M. program over time. And as well, regionally, because of the lifting of the arms embargo, Iran is now a regional powerhouse sowing chaos in the Middle East. At that point, what they can effectively do is use the nuclear snapback to threaten to walk away from the agreement unless we do not reimpose sanctions.

So it is a front loaded agreement for Iran where they get all the benefits up front, and we are hoping down the line 10, 15 years, that we will be in a position to respond to a much more powerful Iran nuclear-wise, militarily, ballistic missiles, and regionally.

Mr. ENGEL. Let me finish by asking one more question on another thing that I have concerns about, and that is the inspections. The joint comprehensive plan of action describes a system in which Iran permits 24/7 monitoring of declared facilities. Now, for sites that may have undeclared material, Iran might be able to delay inspections, the way I read it, for up to 24 days. Does 24 days provide timely access?

Mr. DUBOWITZ. Well, you know, Olli Heinonen testified with me yesterday before Financial Services. He was asked the same question, and he was asked to rate on a scale of zero to 10 the inspection regime. He said on declared facilities it is a seven to eight. On suspicious sites, it is a five. And on access to facilities where Iran would be engaging in the manufacture of a nuclear weapon, he ranked that as zero.

And so the issue here is that there are three types of sites where we will want to get into, and it is suspicious sites and sites where they are building a nuclear warhead where Dr. Heinonen said at best it is a five, and with respect to a warhead design it is a zero.

I would make one other comment, Congressman Engel. It is not about verification and inspection only. It is about enforcement. The IAEA doesn't enforce; the United States of America enforces. And what I see from this agreement is what the Iranians have designed themselves, is effectively they have immunized themselves against American enforcement, which means that they can actually stymie and stonewall the IAEA, and they are going to be actually depending on the—we are going to be in a position where we are going to have to enforce the agreements that the IAEA can get into these sites.

If I am Iran, what I do is I play around with the dispute resolution mechanism and the Joint Commission, because right now it is five to three, and all I have to do if I am Iran is flip one European country. And I will flip one European country by using the nuclear snapback, threatening nuclear escalation if anybody reimposes sanctions on me, including in an enforcement situation.

So if they flip one seat, it is four to four, and you have basically stymied the Joint Commission, and now you are in a situation where it is not going to just be 24 days, it is going to be much, much longer.

Mr. ENGEL. Mr. Goldenberg, on inspections, is your opinion similar or different?

Mr. GOLDENBERG. Well, I view it a little bit differently, Congressman, because my perspective is the reality is any suspicious site that we find we are going to have eyes on, realistically in most cases before the IAEA even has eyes on it through our intelligence community and through the intelligence communities of our other partners, that is the other redundant piece of this.

We will have satellites. We have will various other mechanisms where we can do this. And, you know, Ambassador Joseph brought up Parchin before. The Iranians have been spending years trying to clean up Parchin now. They would have 24 days in this scenario to clean something up, and the reality is that—you know, you saw this in the case of Iraq. You know, in the case of Iraq, what we actually caught in terms of inspections was inspectors moving things out of the facilities because we had satellites on them. If the Iranians start behaving in a suspicious fashion, we will see it.

And then the only other thing I will say is by far the most important part of the inspections, in my mind, is the fissile material, because the reality is, yes, the weaponization is the nastiest piece. It is obviously for a nuclear weapon. But the fissile material, the reason we focus so much on the fissile material is because you need a factory, you need industrial sized capability that is very difficult to hide in order to get the fissile material.

A nuclear core in a weapon does nothing for you if you don't have the material to use in it. And so I think that you do have to look at these various pieces, but the real choke point is the fissile material, which is where the agreement is focused on.

Mr. ENGEL. Thank you.

Thank you, Mr. Chairman.

Chairman ROYCE. Ileana Ros-Lehtinen of Florida.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman, for an excellent series of hearings. But we were just whispering some-

thing as the testimony was given. What were you pointing out to me, an important point, Mr. Chairman?

Chairman ROYCE. Well, I was pointing out, by our memory, we don't ever remember with a case of the Syrian, you know, reactor, the attempt to build a nuclear weapon site there, that we ever detected anything there. We don't remember it with North Korea, the ability to detect what was going on. All we know is that North Korea ended up doing three nuclear weapons tests and ended up with a whole inventory of atomic weapons.

And I yield back.

Ms. ROS-LEHTINEN. And now we are going to say our intelligence and satellite capabilities are so much more superior.

But, Mr. Chairman, as you point out, as the 60-day review period of this Iran nuclear agreement continues, it is so important for us and Congress to do our due diligence and review the deal, and, importantly, draw attention to the flaws and deficiencies, because this will jeopardize our national security, the security of our ally, the democratic Jewish state of Israel, and indeed global security.

This nuclear deal will not only not prevent Iran from acquiring a nuclear weapon, but it will also likely precipitate war as other countries in the region scramble to keep up with Iran.

We are already seeing a conventional arms race. Look what happened in the Gulf countries council meeting where we tried to buy them off with a lot of arms. And if Congress does not vote to block this agreement, we will certainly see, in addition to a conventional arms race, a nuclear arms race in the region.

Now, we conduct civil nuclear cooperation agreements, also known as 123 agreements, with nations across the globe. In previous agreements, we were successful for winning what is called the gold standard, an arrangement where our partners agree to forego enrichment and reprocessing as part of our civil nuclear cooperation.

But with this deal, Iran will be allowed to enrich, and we will actually be helping Iran modernize. We will actually be helping Iran advance its nuclear infrastructure. We will be setting a precedent here. How can we expect any country that wants to enter into one of these agreements in the future to accept the gold standard when they can now look at this deal and say, "No, no, no. We don't want the gold standard. We want the Iran standard." How do you see this playing out, Mr. Chairman, correct, in the next 10 to 15 years?

And, Mr. Dubowitz, thank you for your testimony. This deal removes the EU and most U.N. sanctions from the top IRGC officials. Most of you have brought that out, including Quds Force Commander Soleimani, the Basij paramilitary chief, and the IRGC air force commander, among many others. This de-listing of these individuals will unfreeze their foreign assets. It will lift their travel bans. That means that we will be facilitating their destabilizing activities overseas.

Why were these individuals included in the final deal? There is no need to do that. What process will be put in place to redesignate them, as fanciful as that would be, should they continue or when they continue to engage in terrorism?

And thank you, Ambassador Joseph. I wanted to ask you about Annex 5 of the JCPOA, some of you had alluded to this additional protocol. On implementation day, Iran will provisionally apply this additional protocol. These are measures designed to add increased avenues of verification by the IAEA, and only fully implement these measures pending their ratification by the Iranian Parliament. What will this do to inspections, verification, and monitoring of Iran's nuclear program, if the regime was not actually obligated to implement the additional protocol? Ambassador?

Mr. JOSEPH. If I could, let me just add a footnote to the North Korean experience. We debated for years whether or not North Korea had an operational enrichment facility. We debated that for years internally. The issue was only resolved when North Korea invited an American scientist to the facility, recorded it, placed it on the internet, and then we decided that they actually had an operational enrichment facility.

Ms. ROS-LEHTINEN. Will American inspectors be allowed in Iran—

Mr. JOSEPH. They will not.

Ms. ROS-LEHTINEN [continuing]. With this deal?

Mr. JOSEPH. They will not be allowed.

Ms. ROS-LEHTINEN. Mr. Dubowitz? Oh, sorry, I am out of time, or almost. Go ahead.

Mr. DUBOWITZ. Congresswoman, I just want to respond to Mr. Goldenberg's point. I mean, the real issue here is that what Iran will want to do is not—they are not going to break out of their declared facilities. It is going to be in suspicious sites, and it is going to be in warhead design.

And, by the way, you don't need an industrial sized enrichment facility in order to produce uranium. All you do is you need a Fordow-like facility, with a few hundred highly powered centrifuges, which are much easier to hide, buried under a mountain on a Revolutionary Guard base. That is not an industrial sized facility.

The other thing I would say is we did eventually detect Natanz and Arak. Unfortunately, they were almost built. So at that point it was too late. So the intelligence community, I have a lot of respect for the men and women who work there, but unfortunately we have gotten it wrong. We missed and didn't stop the Soviet Union, China, India, Pakistan, North Korea, and Syria. We underestimated Iraq in 1990. We overestimated in 2003.

And now we are in a situation where we are betting the future of America on the IAEA. By the way, an additional protocol that both David Albright and Olli Heinonen have said is insufficient 15 years or 20 years from now, and now we are going to be betting on our intelligence capabilities to detect a small lab 200 meters squared where the Iranians are actually doing nuclear warhead design, which is why Olli Heinonen gave it a ranking of zero. That is—

Ms. ROS-LEHTINEN. Thank you so much.

Mr. DUBOWITZ [continuing]. Of deep concern.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman.

Chairman ROYCE. Alan Lowenthal of California.

Mr. LOWENTHAL. Thank you, Mr. Chair, and thank you, witnesses. I want to go back to the scenarios, if we turn this down, what that really means and what happens to our partners in this. What if they start to sell, and what if we see within weeks that Iran starts to create a nuclear weapon? What are we going to do? I want to really hear another scenario where they start to build a bomb, what you think we should do.

Thank you. Mr. Goldenberg.

Mr. GOLDENBERG. Thank you. The reality is I think the nuclear snapback that Mr. Dubowitz talked about happens on day one. We turn down this agreement. I think there is no realistic new negotiation. This is not an agreement just between Iran and the United States. It is an agreement between Iran, the United States, Russia, China, Europe, the U.K., Germany, and France.

Mr. LOWENTHAL. That is right.

Mr. GOLDENBERG. And I think what happens afterwards is Iran starts building, again, enriching centrifuges using spinning centrifuges, enriching uranium. I don't think that they will dramatically escalate immediately, but we are only 2 to 3 months away now. That is why we had to stop it in 2013 and froze it. Within a couple of years, we are looking at Iran probably being a couple of weeks away from a bomb, at which point we really have very little confidence about whether or not we can stop it or not.

At that point, military options become a serious debate. Do we allow a virtual nuclear weapon? Or do we pursue military options? Now, to be clear, I think if we ended up in a war with Iran, we would win handily, obviously.

Their nuclear program, and many of their conventional capabilities, would be destroyed, but they would still have the capability to build that nuclear program back up in a lot less than 15 years, and we would have no ability in terms of inspections to actually get in there, unless you want to start taking over the country or trying to coerce them in the types of ways that are going to require huge amounts of American manpower.

And so, realistically, then, we have basically taken a beehive and we haven't sprayed it. We have taken a bat to it, and the bees are flying everywhere. That is fundamentally what we are able to do in response. And the other thing I will just say about this scenario is we don't know what happens once you open up the can of worms with military action, even successful military action like we took in Iraq in 1991. We are still dealing with the consequences of that 25 years later. We still haven't figured out how we are going to deal with Iraq precisely, and we still have forces there now and have had to go through all of this.

So, you know, it is always an option. And I think that everybody needs to remember—and I think the Iranians remember—that at the end of the day, if that is the option that gets pursued, it is going to be much worse for them than it will be for us, but it will be bad for everyone. And it is an option that really should be held out as a last resort, and in the meantime this option, which buys us 15 very good years followed by additional assurances and opportunities to stretch this out even further, takes away none of those options in 15 years, in my view, because in terms of speaking about scenarios, I think it is also important to remember the scenario of

a super-empowered Iran assumes everything goes right for them in the next few years.

Sanctions aren't America's only tool to counter Iran. We have the Defense Department. We have the intelligence community. We have other ways to counter Iran in the region. We all just flip into sanctions, but you can do things like covert actions with partners. You can find ways to cooperate with others. You can push them back in Syria, and you can push them back in Yemen and elsewhere, without—and you can flex your muscles to conventional military force without—and still leave yourself options years down the line.

Mr. DUBOWITZ. I would just say this, Congressman. There is an inherent flaw in that argument, and here is the inherent flaw. The argument assumes that at some point the Iranians are going to break out to a nuclear weapon, and we are going to have to use military force to stop them. The question is, if that is true, would you rather use military force today against a fragile Iran, which has a small nuclear program and small force projection?

Or would you rather use military force against Iran in 15 years when they have an industrial sized nuclear program with near zero breakout, easier clandestine sneakout, and I.C.B.M.s? By the way, a powerful economy, relatively speaking, that is immunized against future economic pressure. I oppose military force, which is why I think this is a deeply flawed deal, because I think this invariably sets us down a path where in 15 years when they are at near zero breakout, if they break out to a nuclear weapon, we will only have military force to stop them.

So Mr. Goldenberg's scenario today—today we actually have more options. If Congress rejects this deal, we go back to what I call the messy scenario, the divide the P5+1 scenario. The Iranians are absolutely going to try to flip it on us, but we still have U.S. secondary sanctions as a powerful instrument of coercion. That is what has kept the Russians, the Chinese, and the Europeans at bay, not multilateral diplomacy. It is fear that they will be cut off from the U.S. economy and the U.S. financial networks.

I want to retain economic leverage, which is why we have it today. Let us negotiate a better deal that doesn't put Iran in a position that when war comes Iran will be stronger and the consequences will be much more severe.

Mr. LOWENTHAL. Thank you, Mr. Chair. I yield back.

Chairman ROYCE. Thank you, Mr. Lowenthal.

Mr. Chris Smith of New Jersey.

Mr. SMITH. Thank you, Chairman Royce. And I do want to thank you again for convening this very incisive set of hearings that have really brought out the egregious flaws of this so-called arms control deal.

Americans held hostage—again, we have had several hearings at the full committee level. I have had two at my subcommittee level. We have heard from Saeed Abedini's wife. We have heard from all of the family members. They are incredulous that their family, loved ones, continue to be held hostage, are tortured, are mistreated in a myriad of ways. And even with all of this euphoria at the White House about this deal, they are still not free. I find that incredible. Your thoughts?

Secondly, on inspections, we all know that the Iranian Minister of Defense reportedly said that Tehran will never allow any foreigner to discover Iran's defensive and missile capabilities by inspecting the country's military sites, echoed by the Supreme Leader as well. He will never permit inspectors to inspect Iran's military bases.

Managed access sounds more like managed manipulation or manipulated access. It is really not clear what all of this 24-day thing is all about. Going to the committee, what role will Iran play in preventing inspections when there is suspicious activity? Could you really walk us through that in a more comprehensive way?

And, finally, on the issue of ballistic missiles, you, Ambassador Joseph, talked about, ominously frankly, that this should include moving ahead with a third interceptor site on the U.S. east coast. In the end of your testimony you made that point, as well as other anti-missile defenses being beefed up. Would you elaborate on what that means? How far in do you anticipate into the midwest, west coast? But of course you have said first on the east coast. Do you believe that is a realistic concern?

Mr. JOSEPH. Thank you, Congressman. Let me just respond to a couple of your points, and also to this notion that the agreement buys us 15 years. That sounds pretty good. But let us not forget, as you say, Congressman, who we are dealing with here, what type of regime we are dealing with here.

This is a regime that has proven itself a master of denial and deception. If Iran today doesn't have a covert program, if it doesn't have covert activities going on today as you hold this hearing, it would be the first time in 20 years. Again, what type of regime are we dealing with?

And talking about, well, Iran will be a threshold state in 15 years. What is the definition? By any definition, I would say—and I have been in this business a long time—Iran is a threshold state today.

They have the ability to produce enough fissile material, at declared facilities let alone covert facilities that we may not know about, but at declared facilities in what our Secretary of State says is 2 or 3 months. He says we are going to postpone that at declared facilities, and he doesn't talk about sneakout at undeclared facilities. And we don't know the status of their weaponization.

Why? Because the IAEA has been obstructed, has been stonewalled by the Iranians ever since the November 11 report by the IAEA that identified 12 activities that could be associated and could still be going on, and it included the design of a ballistic missile warhead, with regard to the weaponization program.

And as far as I know, Congress has not received the side agreement between the IAEA and Iran that will get at issues such as Parchin and the possible military dimensions, the so-called PMD, the 12 activities. How are you going to make a judgment? How are you going to make a judgment on this without understanding what access the IAEA has in that case?

With regard to ballistic missiles and the ballistic missile defense, I think clearly, as I said, we need to focus on shorter, medium, and their longer range capabilities. What the plan was initially was to have a capability in Europe to be able to shoot down I.C.B.M. class

missiles from Iran. We canceled that in September 2009, the original third site.

We then had a Phase 4 to the phased adaptive approach arrangement of this administration. Lo and behold, in March 2013, we canceled Phase 4, which was designed against the Iranian long-term threat. Either we need to put that capability back in Europe or we need to have the capability in the United States. We have interceptors in California to protect against North Korea. We have interceptors in Alaska to protect primarily against North Korea. But what about Iran? And there are gaps in our coverage. We need to be able to protect against that. According to the Missile Defense Agency, the best place to put this is in the northeast.

Mr. DUBOWITZ. Congressman, could I say something about the hostages, please? Because they get forgotten. At the last minute in these negotiations, the Iranians got last-minute concessions, the lifting of the arms embargo, the lifting of ballistic missile restrictions. They turned a nuclear deal into a deal-plus-plus. Why weren't we able, at the last minute, to demand the release of our hostages and get them back?

Mr. GOLDENBERG. Congressman, just very briefly on the hostages, first of all, it is completely inexcusable. They need to be brought back. Obviously, I think we all agree on that. I don't think anybody is saying that this regime is—I don't think the administrative says it, and I certainly don't believe it. This is a regime that we can work with on all kinds of other issues. This is strictly an arms control agreement.

But my understanding, at least from talking to some of the hostages' families that are hearing—and also hearing from others talk about is they didn't really want this issue entangled in nuclear diplomacy.

Mr. SMITH. You know, I have asked that question, too. They felt and they were advised by the State Department ad nauseam to take that position. And when you have a loved one in a precarious, horrible position like that, you are going to take the State Department's admonitions to heart.

But they openly said here at hearings they were bewildered. And I asked Secretary Kerry, as did the chairman, why is this off the table, on the fringes if you will? Because they pushed it aside. They wanted a deal and only a deal. They didn't want anything to get in the way.

I am amazed. I mean, it is shocking that they have not been released. But I think we should take with a grain of salt anything a loved one might say now because they don't want to in any way have the State Department walk even further away. Never.

And the last point I will say, Mr. Chairman, Naghmeh told us at the first hearing on behalf of her husband Saeed Abedini, she went to the State Department and the State Department said there is, "Nothing we can do to help your husband. Nothing we can do." That changed in terms of statements that were made, but it was never an all-in effort to get them out.

Mr. GOLDENBERG. Well, I agree with you, obviously, Congressman, that it is——

Chairman ROYCE. Yes. Let us go to Lois Frankel of Florida.

Ms. FRANKEL. Thank you, Mr. Chair.

Thank you to our witnesses today. Well, I know we all agree Iran should not get a nuclear weapon, and my approach is just to try to take a non-partisan, objective scrutiny of this, because it is so monumental.

And I believe my colleagues have very articulately raised the concerns. I share, I would say, all or most of the concerns that have been raised about this agreement. I would like to focus back on the repercussions of disapproval. I think approval, if it came for approval, it would be very hard to vote to approve this agreement.

The question is disapproval, and I want to understand the potential ramifications. I know you had said—talked about some of them. First, I would like to have your opinion as to the other countries in the P5+1 other than us. Do you believe that there is real motivation on their part for Iran not to achieve a nuclear weapon, and that they are at the table for that reason and not just our economic power? That is number one. I would like your opinion on that.

And then, this is sort of a simple question, but after all of these years of negotiation, more intense the last couple of years, if we disapprove, what do you think is the effect of our standing in the world? Would anyone want to come back to the table with us? Would we be trusted to sit for years and negotiate an agreement?

And I think I had one more question, if you can get to it, which is—and it was touched on before. If this agreement goes through, for those of you who have not already answered the question, what efforts could we make in Congress to give ourselves some more protection?

Mr. DUBOWITZ. Well, Congresswoman, I was the one who laid out the scenarios, because I think it is absolutely critical that we don't—we assume that there are going to be disastrous scenarios today, but then we assume in 15 years everything is going to be rosy and optimistic. I think we have to look in a sober way, what are things going to look like today? What will they look like in 15 years? I think all of us agree in 15 years things will not look good, given Iran's capacity.

Today, I laid out three scenarios, and I think that the reason that countries are at the table is not only because they fear American economic power and sanctions. They are at the table because every one of the P5+1 does not want Iran to develop a nuclear weapon.

And so the notion that we will all walk away from the table, and then go and aid and abet Iran in its pursuit of nuclear weapons, I think is contradictory to the reasons that they are there in the first place. It is in their national security interest.

Number two, the French hate this deal. The French tried their best to make this a strong deal. I think they are absolutely incredulous at the scale of the giveaways. So the notion that somehow the French are going to walk away and not work with us, and the French are the linchpin in the EU. If the French are with us with respect to economic sanctions, then the EU is with us, so we will still retain the power of economic sanctions.

In terms of our standing in the world, I think, again, this is not a popularity contest. I think as Ambassador Joseph said, this is about American leadership, and this is about preventing Iran from

not only developing a nuclear weapon but sowing sectarian chaos in the Middle East. I think this would be a reassertion of American leadership, that the U.S. Congress has said that this deal is going to lead to disastrous consequences down the road, and that we want to negotiate a better deal that removes some of these fatal flaws that Ambassador Joseph spoke to.

Mr. GOLDENBERG. Congresswoman, look, I agree with Mark actually here that at the end of the day I don't think our credibility goes entirely away. I do think it hurts our credibility that people that negotiate with the United States of America, because we are the United States of America, we are the world's superpower.

So I don't think everything goes away, and all these countries have an interest in preventing Iran from getting a nuclear weapon. I think it will be very difficult to hold the unity of the P5+1. I think a lot of the sanctions might start to atrophy. I think the Iranians will respond in a way that they will be able to move more quickly in terms of revving up their nuclear program than we will be able to in terms of renegotiating or putting in more sanctions and leverage, precisely because of this situation. And so I think they will be at the advantage, not us, in this scenario.

I also want to talk—I thought your question, Congresswoman, about what Congress can do afterwards, because this I think is very important. And whether you support or oppose the deal, I think this is something where Congress can really come together. There needs to be a piece of implementing legislation. Let us say you get through the 60 days, and if the agreement is overturned, then I think everything stops and is fine. That is one scenario.

But if you get through the 60 days, there is still an opportunity here for members who oppose the deal to say, "I hate this deal, but I can make it better," and those who are reticent but support it to say, "I am uncomfortable, but I am not going to get in the way."

But here is how we are going to make it stronger. One, work with the administration. They should be able to work with Congress to let us think about different American snapback provisions beyond the agreement itself that go in place and could be put into legislation for different scenarios, particularly middle ground scenarios where things are a little squishier than, you know, overwhelming breaches, which is one of the difficulties in the agreement.

Two, some kind of board that oversees, whether it is in Congress. More money for the IAEA. Pushing the administration much harder on what they should be doing in the region. There is a number of things that people here can all agree on I think and really come together on a very strong piece of legislation.

Chairman ROYCE. Steve Chabot of Ohio.

Mr. CHABOT. Thank you, Mr. Chairman.

Mr. Goldenberg, let me ask you this. Ambassador Joseph mentioned a little while ago something that I think makes a lot of sense. Why would the Iranians spend so much time and so much effort in developing I.C.B.M.s, intercontinental ballistic missiles, if they don't intend to acquire and build nuclear weapons? And if you could make it brief, because I have got a bunch of questions.

Mr. GOLDENBERG. Sure. I mean, I think that they started this program when they intended to build nuclear weapons, and we have been working to change that and—

Mr. CHABOT. Okay. At the end here especially, wasn't that one of the big things that they insisted on? They insisted and we succumbed to this—the whole idea of lifting the arms embargo, which will give them the ability to acquire additional technology, I.C.B.M. technology from Russia.

So, I mean, I think the answer clearly is they wouldn't want to proceed with it, if they didn't intend to get nuclear weapons. Ambassador Joseph, would you want to touch on that briefly?

Mr. JOSEPH. Sir, I think you have got it exactly right.

Mr. CHABOT. Okay.

Mr. JOSEPH. I mean, it only makes sense in the context of a nuclear weapons program.

Mr. CHABOT. Right. Let me follow up. You also said something before, which I think makes imminent sense, and that is that now that we have got this terrible deal facing us that we need to protect our cities, and you have suggested that we have to seriously consider an anti-missile shield on our east coast. And that is correct; you do support that, is that right?

Mr. JOSEPH. Yes, sir.

Mr. CHABOT. Okay. Let me follow up on that, then. One of the very first things that the Obama administration did when they took office was to cancel our agreement, which was a slap in the face of two of our strong allies, the Czech Republic and Poland. And that anti-missile technology that isn't there now, it was aimed at a potential Iranian missile heading in Europe's direction or our direction. And so now that they have done that, and with this agreement, it seems that they have put us very much in harms way. Would you comment on that?

Mr. JOSEPH. I certainly would, sir. Not only did the Obama administration cancel the third site, it canceled every single program that was designed to develop capabilities to keep pace with the threat. It canceled the MKV, the multiple-kill vehicle program. It canceled the KEI, which is what was to be a boost phase interceptor. It canceled the airborne laser. It reduced the number of interceptors, the ground-based interceptors at Alaska. I mean, it eviscerated the program.

Mr. CHABOT. Thank you. Let me move on, if I can. Thank you.

Mr. Goldenberg, how long was it after the announcement of this deal that we had people in the street in Iran, including Iranian leaderships, chanting "Death to America"?

Mr. GOLDENBERG. Look, I think that that is—this leadership nobody is talking about the fact that—

Mr. CHABOT. It wasn't very long.

Mr. GOLDENBERG. It wasn't very long.

Mr. CHABOT. Almost immediate we heard that.

Mr. GOLDENBERG. You also had overwhelming support for the agreement that—

Mr. CHABOT. Now, you have also talked about snapback, the sanctions, and we can snap them back now. "Snap" sounds like it is pretty quick. You know, snap back. We have got—they are back on.

Mr. Dubowitz—and, again, if you could keep your answer relatively brief—are we going to be able to snapback these sanctions?

Mr. CHABOT. Snapback sanctions are a delusion. I could go on.

Mr. CHABOT. Okay. I think you have answered my question there.

And this 24-hour—you know, or excuse me, 24-day thing which the administration has been pushing, like which is—sounds pretty long to me because you can hide a lot of incriminating evidence in 24 days, but it is really, I understand, a heck of a lot longer than 24 days in the real world, because we have to go through a whole series of things which Iran can block, it is my understanding.

Either Ambassador Joseph or Mr. Dubowitz?

Mr. JOSEPH. Well, I certainly—I think they certainly can. And remember that this is a deviation from the standard additional protocol, which calls for 24 hours, 24-hour notice. So in the negotiations that was extended from 24 hours to 24 days, and 24 days is just the first phase, because it can continue for days or weeks thereafter. And Iran can obstruct the inspectors and they can get rid of a lot of the evidence in that timeframe, according to the IAEA.

Mr. DUBOWITZ. And it is not just 24 days; it is much, much longer because the time that it takes to snapback the U.N. resolution, and then U.S., and then EU sanctions, and have that impact, is much, much longer.

Mr. CHABOT. How long can we realistically be talking here before you could actually get to a site and see what they are doing? Potentially.

Mr. JOSEPH. I would think the way that the Iranians can play this, it could go on for months.

Mr. CHABOT. Thank you. I yield back. This is I think just a terrible deal, and I hope that we look very closely at this. And I thank the chairman for letting us look closely at this.

Thank you.

Chairman ROYCE. Tulsi Gabbard of Hawaii.

Ms. GABBARD. Thank you. Thank you, Mr. Chairman.

I am wondering what, if you can name specifically what materials—you alluded to this earlier, what materials can be hidden within that 24-day period? And the followup question is, how specifically can Iran get around the 24/7 monitoring that the administration is touting of the entire supply chain?

Mr. JOSEPH. Well, there are a whole host of things that the Iranians could hide within the 24 hours. I mean, I mentioned centrifuge manufacturing. Okay? That involves a lot of different components, none of which necessarily can be traced to uranium or plutonium.

The Iranians can continue, you know, the deception that we have seen for years in their games with the IAEA. According to the inspectors, according to the IAEA, they can undercut the ability of the inspections.

Ms. GABBARD. I am just wondering if you can give some specific examples, because we are getting arguments from both sides. But I am wondering specific materials or specific problems or areas of vulnerabilities within the supply chain that can be hidden both from their cameras and their sealed—their seals and their moni-

toring that we can look to, and that you can point to as a vulnerability.

Mr. JOSEPH. Well, I mean, one specific example is, you know, centrifuge parts.

Ms. GABBARD. Okay.

Mr. DUBOWITZ. And another specific example is certainly on the issue of where Iran would be building a warhead, access to the computer modeling, the computer codes, the actual design of the warhead, multi-point detonation devices. I mean, all of that doesn't leave a footprint. It takes place in a small laboratory. And according to inspectors, it would be a matter of a couple of days to literally move out all of that equipment.

And, Congresswoman, you have to understand, the Iranians in 2003, what happened then is that they hadn't built contingency plans, so it was easier to catch them. They have learned from that, so they are not going to just get caught, oops, the inspectors have all of a sudden identified a site. They built contingency plans to sanitize the site, and inspectors have said that you can literally do that in a couple of days.

So the issue is on the most fundamental aspect of the Iranian nuclear weapons program, the warhead design. We are effectively blind, and the Iranians have a contingency plan that in a couple of days they can sanitize a lab, move out all of the equipment, and even if we do get into that site there will be no evidence that they have conducted that activity.

Mr. GOLDENBERG. Congresswoman, if I can just add, you know, it is true, on the warhead design it is incredibly difficult to find warheads. It is incredibly difficult to look at—you know, a nuclear weapon is three pieces. It is the ballistic missiles, it is the warheads, it is the fissile material. The fissile material in some ways is the least harmful piece, right, because it can also be used for civilian purposes.

But that is where you detect, and that is what this deal is designed to do, because it is a lot easier to detect that. When you have to put a few hundred centrifuges, when you have to hide uranium, you can have weaponization plans, but if you don't have the material to actually do it, and this is precisely when the administration talks about the supply chain.

What it is saying is it will be incredibly difficult for the Iranians to be able to actually get the material secretly that it needs. It has to build an entirely independent system, starting with, where are we going to get the uranium to, where are we going to get the centrifuges to, where are we going—you have to do every piece of this process independently of the supply chain monitoring that we already have, and that is the rationale.

It obviously has holes. And, you know, I would love to see a fool-proof system for dealing with weaponization. I don't think one exists in the world, period, if a country is really determined to do that.

Mr. DUBOWITZ. Of course, if you are Iran, you know what you do is when you have an industrial sized program, and you actually are producing as Congressman Engel said, an unlimited amount of enriched uranium, which by the way you can enrich not only to 3.67 percent, now they get 20 percent, but the Iranians will enrich to

60 percent and they will use the fact that they need a nuclear-powered naval fleet.

And so at that point you have got huge quantities of uranium all around the country, in a country that is more than twice the size of Texas. So that is when it becomes very difficult to actually detect a diversion of enriched uranium to a covert enrichment facility with a few hundred centrifuges buried under a mountain on a Revolutionary Guard base.

And, by the way, why wouldn't you co-locate that with your warhead design facility? So you would be able to very quickly move that highly enriched uranium into another small lab where you can now turn it into uranium elements for a nuclear warhead. That is the fundamental problem. In an industrial sized program, 150 inspectors or 200 inspectors are going to have a very difficult time detecting that.

Mr. GOLDENBERG. The additional protocol remains in place in that scenario.

Mr. DUBOWITZ. Which every inspector, which every expert has said—

Ms. GABBARD. Thank you. My time has expired. Thank you.

Chairman ROYCE. Mo Brooks of Alabama.

Mr. BROOKS. Thank you, Mr. Chairman. This question or series of questions is directed to each of you, one at a time. Brief answers would be appreciated, given time constraints.

This past April Iranian Brigadier General Mohammad Reza Naqdi stated that erasing Israel off the map is non-negotiable. Do you believe his comments accurately reflect a goal of the Iranian Government? Ambassador?

Mr. JOSEPH. Yes, I do.

Mr. BROOKS. Mr. Dubowitz?

Mr. DUBOWITZ. Absolutely.

Mr. BROOKS. Mr. Goldenberg?

Mr. GOLDENBERG. Yes. But they wouldn't do it if it meant the destruction of their regime, which I think it certainly would.

Mr. BROOKS. Okay. Second question. This past weekend Iranian Supreme Leader Ayatollah Ali Khomeini led a rally that was frequently punctuated by chants of "Death to America" and "Death to Israel." Again, do you believe his comments accurately reflect a goal of the Iranian Government?

Mr. JOSEPH. Yes, I do.

Mr. BROOKS. Mr. Dubowitz?

Mr. DUBOWITZ. It is their animating ideology. Without that ideology, there is no Islamic Republic.

Mr. BROOKS. Mr. Goldenberg?

Mr. GOLDENBERG. I think it is important to remember that the overwhelming majority of the Iranian population is actually much more pro-American than pretty much any country in the Middle East. So this regime has issues, but thus far at least it has been deterred through, and will continue to be deterred, by our actions.

Mr. BROOKS. Okay. That is not answering my question. Do you believe "Death to America" and "Death to Israel" are goals of the Iranian Government?

Mr. GOLDENBERG. Not realistic goals that they could pursue without facing severe consequences that have deterred them for 35 years from acting on those goals in ways that could actually—

Mr. BROOKS. All right. Next, given your responses, do you also believe that Iran, the world's foremost sponsor of terrorism, will use the conventional weapons made available by the Iran nuclear treaty to further Iran's goal of destroying Israel and killing Americans? Ambassador Joseph?

Mr. JOSEPH. I think there is a 100 percent chance that they will do that.

Mr. BROOKS. Mr. Dubowitz?

Mr. DUBOWITZ. It has already used conventional weapons to kill Americans and kill Israelis. Why wouldn't it continue?

Mr. BROOKS. Very good way to answer a question with a question. I tend to agree.

Mr. Goldenberg?

Mr. GOLDENBERG. Yes. And there is a lot of other things, sir, that we should be doing to counter those activities, but it doesn't necessarily preclude a nuclear agreement.

Mr. BROOKS. And given how frequently we have seen Muslim fundamentalists be willing to sacrifice their own lives in furtherance of their desire to kill unbelievers, we saw it with 9/11 roughly 14 years ago, we have seen it in many other places around the globe, including the United States. As I see this agreement, at some point there is a probability that Iran is going to obtain nuclear weapons. Do you agree or disagree?

Mr. JOSEPH. I think they can go nuclear today if they so decide, and have a nuclear weapon in a very short period of time.

Mr. BROOKS. And if they comply with this agreement, do you believe they still will obtain nuclear weapons, at some point?

Mr. JOSEPH. It is hard for me to believe that they are going to comply with the agreement, because, as you know, the chairman pointed out, they have cheated on every other agreement. My sense is that they will use this agreement as a shield for continuing to develop a nuclear weapons capability, and when they decide they will go nuclear.

Mr. BROOKS. Mr. Dubowitz?

Mr. DUBOWITZ. I think at some point it will be an irresistible impulse to actually test a nuclear weapon. And even if they don't, they will use the near zero breakout capability they will have to threaten the United States and threaten the region, and use it as an instrument of nuclear blackmail in order to expand their conventional and terrorist activities.

Mr. BROOKS. Mr. Goldenberg?

Mr. GOLDENBERG. I think they have been deterred from actually going for a nuclear weapon for 35 years, because of the costs and consequences that come with that. And this agreement will extend and continue that trend.

Mr. DUBOWITZ. And, of course, Congressman, that actually contradicts the claim that if this agreement gets turned down by Congress, we are going to—Iran is going to engage in nuclear escalation to a nuclear weapon.

Mr. BROOKS. I understand.

Final question. Given the religious zealotry of the Iranian Government, what degree of certainty do you have, one way or the other, that Iran won't use nuclear weapons to further "Death to America" and "Death to Israel," if and when Iran obtains those nuclear weapons? Ambassador Joseph?

Mr. JOSEPH. Well, I think Iran will use nuclear weapons. They will use it to intimidate. They will use it to blackmail us. They will use it to deter us from coming to the assistance of our allies in the region.

Mr. BROOKS. But will they detonate them?

Mr. JOSEPH. Well, will they detonate? I think they will risk it, and I think they will be very—and the situation will be very subject to miscalculation, and I think that this could very easily escalate into their use of a nuclear weapon.

Mr. BROOKS. If the chair would permit Mr. Dubowitz and Mr. Goldenberg?

Mr. DUBOWITZ. They would certainly detonate it to test it. And we would want the world to know that they have the capability to actually deploy a nuclear weapon. Whether they end up using it, I cannot say. But I think that it doesn't matter whether they use it or not, fundamentally they will detonate it, and then they will have a nuclear weapon to blackmail the United States and the international community for all of their conventional and terrorist purposes.

Mr. GOLDENBERG. I agree with my panelists, which is why I think we need this agreement, which stops that from happening is, in my view, the better option.

Mr. BROOKS. Mr. Chairman, thank you for the additional time for the witnesses to respond.

Chairman ROYCE. Mr. Brooks, thank you very much.

Mr. Higgins.

Mr. HIGGINS. Thank you, Mr. Chairman. I presume that each of the panelists believes that today Iran is a nuclear threshold state.

Mr. JOSEPH. Yes, sir. I do.

Mr. DUBOWITZ. They are a nuclear threshold state, but they are still a very weak state.

Mr. GOLDENBERG. Yes. They are a nuclear threshold state, sir.

Mr. HIGGINS. With this deal, which would reduce the number of centrifuges from 19,000 to some 6,000, and reduce uranium and plutonium by 98 percent under this deal, wouldn't Iran become less of a nuclear threshold or threat to the region?

Mr. JOSEPH. It is certainly better that Iran, at declared facilities, is spinning fewer centrifuges rather than more centrifuges.

Mr. HIGGINS. Okay.

Mr. JOSEPH. But they are going to have the additional centrifuges in storage, and they could very easily reconstitute that capability for breakout.

Mr. HIGGINS. Okay.

Mr. JOSEPH. Now, we would detect it, but one also has to consider what may be going on at suspect sites.

Mr. DUBOWITZ. There is no fundamental difference between a 3-month breakout and a 12-month breakout. Neither is enough time to reimpose sanctions. Both are enough time to use military force.

Mr. GOLDENBERG. Actually, Congressman, I would disagree. I think there is a huge difference between a 12-month breakout and a 3-month breakout. And I think we also have to remember that a 12-month breakout is if everything goes right for Iran from day one, they build only one nuclear weapon, which nobody has ever done. You have to build an arsenal. That is the only way you can credibly deter. So you are talking about a lot more time than that.

And, fundamentally, it gives us enough time to be able to respond in all kinds of different ways, politically, diplomatically, militarily. At a couple of weeks, the only real option is to pursue—to go military, because you are not going to have time to do anything else.

Mr. HIGGINS. Well, it has always been stated that, you know, the 12-month breakout was necessary from our standpoint strategically, to be able to detect whether or not Iran was moving toward a nuclear weapon, and to be able to act against it before they are able to accomplish that.

I think the one thing that hasn't been emphasized enough here, nobody is suggesting that the United States is taking the military option off the table. This is an interim step toward the goal of using international leverage to get Iran to move away from its nuclear ambitions.

Mr. DUBOWITZ. Congressman, you should ask Secretary Kerry how the 1-year breakout was chosen. Was that based on a deep analysis by the intelligence community and the U.S. Government that 1 year was exactly the point of time that we needed in order to have the full range of options that Mr. Goldenberg said? Or was it chosen artificially or through negotiations with Iran? I would be interested in his answer.

Mr. HIGGINS. Do you think he just came out with the 1 year arbitrarily to make it look better than the current situation?

Mr. DUBOWITZ. I think that this 1-year breakout was chosen arbitrarily. It was not put through a deep, rigorous analysis.

Mr. HIGGINS. Why would they do that?

Mr. DUBOWITZ. Well, because I think at the end of the day when they shifted the fundamental precept of this negotiation from Iran's nuclear program judged by its practical needs to a breakout time, what they needed to do was they sat down with the physics of this and they tried to figure out what would be the most they could negotiate with the Iranians based on the existing enrichment capacity.

And they realized that the Iranians are not going to give up their entire enrichment capacity. They weren't going to go down to—1,000 centrifuges to 500 centrifuges the administration initially started in the negotiation. They back-ended the analysis, and they came up with 1 year. But I don't believe that there was any systematic effort in order to analyze or red team whether 1 year was sufficient.

Mr. HIGGINS. What you are suggesting is the 1-year breakout was to appease the Iranians at the expense of the strategic interests of the United States.

Mr. DUBOWITZ. I am not suggesting to appease. I am suggesting that they thought that was the best they could negotiate.

Mr. GOLDENBERG. I actually believe—

Mr. DUBOWITZ. Fundamentally different.

Mr. GOLDENBERG [continuing]. Congressman, having worked on this issue inside the Pentagon when we were discussing precisely these types of questions, the question for us was always, do we have enough time to clearly see the program, stop it, and not only that we know we can stop it militarily and otherwise, but that the Iranians know that we can stop it militarily and otherwise, so that they are deterred from ever going for it?

And this is something we talked about for years, and I was always very confident with a number like that. And on top of that, I do think we need to—I thought your point, Congressman, was really important about this being an interim step. The reality is, there comes a moment where our only options are military action or essentially accepting a virtual capability, because we are not going to have the ability to stop it.

At that moment, the President of the United States has to make a terrible decision, and we all lose, whichever way he goes.

Mr. HIGGINS. All right. Could I—

Mr. GOLDENBERG. And 12 months is not long enough to reimpose sanctions.

Mr. HIGGINS. Let me just reclaim my time for one moment. It said that this deal would result in a nuclear arms race in the Middle East. The fact of the matter is, Iran has been in nuclear proliferation for at least 10 years. Who else is pursuing nuclear weapons in the Middle East, other than Iran?

Mr. JOSEPH. Well, Congressman, you are well aware of Pakistan and Pakistan's program.

Mr. HIGGINS. I am.

Mr. JOSEPH. Saudi Arabia has said that—

Mr. HIGGINS. Saudi Arabia can't make a car.

Mr. JOSEPH. Saudi Arabia has a lot of money, and Saudi Arabia has a long-time relationship—

Mr. HIGGINS. And they can't make a car.

Mr. JOSEPH [continuing]. A long-time relationship with Pakistan.

Mr. HIGGINS. Is there any evidence that Saudi Arabia is moving towards—

Mr. JOSEPH. And you could say the Libyans. The Libyans couldn't make a car either, but they had an advanced nuclear weapons program, because they were able to buy it. They were able to buy the equipment, and they were able to buy the expertise. Saudi Arabia has a lot more money than the Libyans ever—

Mr. HIGGINS. So the point is, there is already nuclear proliferation in the Middle East before this deal is voted on or approved.

Mr. DUBOWITZ. Yes. But the fundamental difference—I mean, the Saudis have actually signed multi-billion dollar contracts with the South Koreans and Russians to build a civilian nuclear program. The difference is that there will be the Iran standard. The Saudis will insist on domestic enrichment, and anybody who says we can de-SWIFT Saudi banks, cut off Saudi oil exports, and designate the central bank of Saudi Arabia to stop it from pursuing that path, should do a much more detailed examination of the Saudi economy. Those options obviously don't exist.

Mr. GOLDENBERG. I will just point out that if the Saudis really wanted to build a covert nuclear weapons program, they wouldn't

be going around on the front page of The New York Times saying that they wanted to do that. Is it conceivable they are doing it for leverage?

Chairman ROYCE. Darrell Issa of California.

Mr. ISSA. Thank you, Mr. Chairman.

Mr. Goldenberg, where were you in 1979?

Mr. GOLDENBERG. Sir, I was actually in Israel where I was born. I was a year old.

Mr. ISSA. Okay. So for your entire life, from the age of 1 year old, Iran has been a terrorist state, first pretending that students had taken our Embassy while in fact it was the current government, or its legacy government with the same theological base, that took our Embassy prisoner, held them for more than a year, and in fact sequentially, when you were 4 years old or so, they blew up—they participated and funded the organization that blew up 200-plus Marines in Beirut and our Embassy.

You were 3 or 4 years old when they killed the station chief, and when they sponsored kidnappings in large amounts. Did you continue growing up in Israel during the '80s?

Mr. GOLDENBERG. Yes, sir. I was there until the age of—

Mr. ISSA. So the organization and the funding of Hezbollah, for your entire life, has been responsible, along with Hamas and other terrorist groups, Palestinian, Islamic Jihad, that country has consistently funded the murder of Israelis and Americans for your entire life, from the time you were 1 year old, and they are doing it today. Isn't that true?

Mr. GOLDENBERG. Well, sir, when I was 4 years old, one of my best friends, actually his older brother was killed in a war by Hezbollah. Yes, it is true. But—

Mr. ISSA. Okay. So staying on that for a moment, because often, you know, it is—you know, the Judiciary Committee, another committee I sit on, you know, we consider antitrust. But of course antitrust is based on what the relevant market is. If you define a market broadly enough, nobody has market power. If you define it narrowly enough, everybody has market power.

So I would like to define a question for all three of the panelists right now. For 36 years, Tehran has sponsored terrorists from around the world and killed Americans and countless others. For 36 years, they have had a virtual straight path, and for 36 years we have heard about students and Iranians loving America.

What will change in the next 13 years, the time it takes from where we are today to the time in which perfectly legally Tehran will have the ability to have nuclear weapons? All they have to do—and I just want to preface it—all they have to do is say they want a nuclear navy, and they will have the ability to do everything it takes to have a bomb ready in a matter of minutes.

And I will go right down the aisle from left to right, please.

Mr. JOSEPH. Sir, I think in 13—

Mr. ISSA. Or right to left, depending upon which way you are facing.

Mr. JOSEPH. In 13 years, Iran will have the capability to have a nuclear weapon whenever it decides to do so that. In 13 years, I think in part because of this agreement, Iran will be more capable, it will be more aggressive in the region, and it will be more

able to continue to repress its people. And the ultimate solution to this nuclear issue resides with the Iranian people. And here I—

Mr. ISSA. Okay. My question is somewhat short, so I will—let us keep going down. In 13 years, is there any—do you have any reason to believe they will be different than they were in the last 36?

Mr. DUBOWITZ. Not at all. In 5 years, they are going to have access to combat aircraft, attack helicopters, heavy weaponry, in order to create more chaos and kill more Americans. In 13 years, I prefer in dealing with the Middle East to assume the worst and be surprised on the up side than assume the best and be devastated on the down side. So that is why I assume the worst about the Iranian regime.

Mr. ISSA. And, Mr. Goldenberg, I used you for obvious reasons of your support for this initiative. But if in your entire life, since you were 1 years old in Israel, a regime has been able to sustain itself with and without sanctions, through this entire period, and continue to murder Americans, Israelis, and others, what is going to change as a result of this deal, while theoretically we maintain all of the sanctions that were in place for two-thirds of your life?

Mr. GOLDENBERG. Sure. Thanks, Congressman. I will just say we don't know what is going to happen inside of Iran in the next 15 years. I think it is perfectly conceivable that hard liners double down and win this fight internally. It is also conceivable that pragmatists, and I say pragmatists because they are not liberals, they are not—you know, Rouhanis are not pushing for democracy. They do value economic engagement and international legitimacy more. And they did win this huge debate inside of Iran, which is very unusual and hasn't happened in a long time.

Mr. ISSA. Okay. So, to summarize—

Mr. GOLDENBERG. But it is possible.

Mr. ISSA [continuing]. Two of you believe they will continue to do exactly what they are doing. Mr. Goldenberg, you believe they might continue doing what they are doing, trying to get rid of the big state, the little state, killing Americans, killing Israelis, sponsoring terrorism, destabilizing the region, but they might not.

So you are counting on hope based on the partial elimination. There is a document, a classified document, it is about three times the thickness of this, that has a list—I can't name the names, but it has a list of banks and ships and aircraft, all of which are going to be freed up immediately as a result of this agreement, so that their economic machine, the machine that causes their government to deliver goods and services to their people, and make their people more docile as a result, that is all the benefit to the regime.

So, Mr. Chairman, I have taken a little extra time. I appreciate your understanding. I find the question that all three answered to be the question we should be asking is, what difference does it make, what change will happen as a result of this? If we concentrate on the question of nuclear, which I think is a good one, we miss the bigger question. A terrorist state for 36 years, given more money and less things that would cause the toppling of it, will undoubtedly continue doing for the future what they have done for 36 years in the past.

Mr. Chairman, I appreciate your continued ability to bring us facts, and it is enlightening. And I thank you and yield back.

Chairman ROYCE. Thank you, Mr. Issa.

Mr. Brad Sherman of California.

Mr. SHERMAN. The Ambassador talks about missile defense. A nuclear weapon can be smuggled inside a bail of marijuana. It is less prestigious, but it gives you plausible deniability, which might meet Iran's MO even better.

Secretary Kerry is over in the Senate saying you can't bomb away knowledge. There are two types of military action we could take. The one that is dismissed by the Secretary is just hitting the nuclear sites, sets them back 2 or 3 years. According to him, the other approach is to threaten World War II rules of engagement style bombing of all strategic economic targets in Iran until they invite Mr. Dubowitz to go over there and clean out their nuclear facility.

I thought I would get a smile out of that one.

Okay. This deal has the good, the bad, and the ugly. We get rid of—the good is we get the stockpiles, decommission the centrifuges. The bad is they get their \$100 billion. That is money for their people, money for graft and corruption, money to kill a lot of Sunni Muslims, money to kill Americans and Israelis.

The ugly is 11, 12 years from now, and you gentlemen have all explained why that is true. Just to describe how ugly it is, it is too ugly for President Obama. He refuses to live in the White House except for with an Iran that has a 1-year breakout period and 6,000 relatively primitive centrifuges.

Yet he envisions a world in which his successors are living in that same house with Iran having 100,000 IR-8 advanced centrifuges and a breakout time that he describes at basically zero. Why does he do to his successor, whoever she may be, what he is unwilling to live with himself?

So we have got to prevent this deal from being binding on future administrations. This is an executive agreement. It is not an executive legislative agreement, and God knows it is not a treaty. We all want to sit here and evaluate the deal. What would we do if we were President now or a month ago or a year ago?

The real question before us is not, is it a good deal? The real question before us is, what should Congress do? And those who dislike the agreement the most, or at least with the most unbridled passion say, "Here is what we do. You should have a vote in Congress to override a Presidential veto of a resolution of disapproval." Okay. What does that do?

First, it fails. So the last picture the world sees is the proponents of the deal celebrating their congressional victory. And then we have to explain to the world that is not an executive legislative agreement. That was not a ratification, even though the picture you saw was the proponents celebrating, because the opponents couldn't stop themselves, couldn't prevent themselves from bringing the vote up in that manner, couldn't just have us vote on a resolution of approval and vote it down.

They had to bring up a veto override. Couldn't contain themselves. The picture is much louder than the words. The picture is the proponents celebrating congressional support for the deal.

Now, let us say we override the President's veto, the dream of many. Okay. Does that snapback our sanctions? First, it doesn't do

anything at the U.N. The President will vote against Congress' position at the U.N. Doesn't do anything with the State Department. They are going to be all over telling foreign capitals, "Go do profitable business with Iran to the extent that Iran adheres to the deal. It is a great deal. Don't listen to Congress."

But the question is, will they even follow the statute as to U.S. sanctions? That is the question I asked at the classified briefing. Secretary Jack Lew was very clear that he absolutely refused to answer the question. Okay. It took him 2 minutes to say that, but he absolutely did 2 minutes of not answering.

So they are not going to follow the law. So even if we override, Iran still gets all of the sanctions relief because when we say "sanctions on Iran" we don't mean sanctions on Iran. We mean sanctions on banks and oil companies in Europe and Japan who choose to do business with Iran, and in this case they will be doing business with Iran that President Obama tells them to do.

It is nice to say Congress is going to—we are going to take our guns with us and go up to the Fed New York Branch and stop the transactions of the banks that are doing the things we don't want to do. No. You can't have sanctions. You can't block a bank from doing business in the United States, unless the executive branch is. And the proof of this was George W. Bush who for 8 years violated the Iran Sanctions Act for the benefit of international oil companies every single day.

And then we get—let us say, though, for—we did do that. Then the question is, would other countries kowtow to the United States Congress? It is one thing for Britain to say, or for Germany to say, or for North or South Korea to say, "We are going to buy less oil from Iran because the Americans have persuaded that that is a good idea, and oh, by the way, they said, well, banks will have trouble if we don't adhere."

It is another thing for them to go to say, "We are stopping our banks from doing business with Iran, and we are not going to buy oil from Iran, because we are kowtowing to sanctions—to a policy that Congress likes, but we think it is stupid. The President of the United States thinks it is stupid. The whole world voted against it." It would be politically difficult.

But then let us say that did happen, and we actually went back to Kirk Menendez, sanctions, and declines in oil purchases, and we forced every bank to hold on to Iran's money. Then, we have 4 months for them to develop a nuclear weapon at a time when we are enforcing the sanctions that have certainly not crippled them.

I realize we have lower oil prices, which has had an effect on them. But there are no riots in the streets of Tehran today.

So you gentlemen have done a great job of telling us why this deal has problems. And I have 0.0 seconds to be fair to you and let you tell me why the course of action available to Congress—I think the President may not have boxed in Iran and blocked every avenue they have to a nuclear weapon, but he has boxed in Congress and maybe cut off every avenue we have to an alternative foreign policy.

Mr. DUBOWITZ. Congressman Sherman, I actually laid out three scenarios that respond to your question.

Chairman ROYCE. They may be able to do that in writing.

Mr. SHERMAN. In writing, and I know we will be talking by phone, et cetera. And I thought that this would still leave a minute for you, but obviously—

Mr. DUBOWITZ. Financial institutions are not going back into Iran until they know who the next President is, and the vote of disapproval will absolutely deter them from going back in, because they will be afraid that if the next President of the United States comes in on a vote of disapproval with the political wind in her back, or his back, that they might find themselves on the wrong end of an enforcement action.

So it is exactly the message to the international community that says don't go back into Iran right now, which will be the most powerful deterrent to basically enforce the sanctions over the next 18 months.

Chairman ROYCE. Mr. Ted Yoho of Florida.

Mr. YOHO. Thank you, Mr. Chairman.

Gentlemen, appreciate your being here. Ambassador Joseph, I listened to your five flaws; I agree. Your four recommendations; I agree. Libyan example; I agree.

Mr. Dubowitz, your three rejections of the deal and your three flaws I thought were all pretty accurate.

Mr. Goldenberg, I agree with you on this agreement is not perfect. I agree. And I look back at the North Korean NPT with a peaceful program, and I look back when Japan and South Korea were at the table, and they wanted a deal because their vested interests are right there in the area.

I find it interesting that partners in the Middle East weren't at the table. Israel wasn't at the table. The Saudis weren't at the table. And they don't want the deal, but yet we are going ahead with the deal.

You said we should give the IAEA more money to hire more inspectors, but we can't get inspectors to look at the stuff they need to now. And I think it has been brought out, the Parchin military area where we know they more than likely detonated a nuclear trigger device, and then I look at—you know, and I think Mr. Issa brought it out very well, along with Mr. Brooks. Has Iran lied, cheated, deceived the U.S./U.N., broken security, or U.N. resolutions, other nations, have they lied and cheated to the IAEA? And I think we are all in agreement with that.

With the economic sanctions in place, in fact they are so tough that Iran was starving. You know, people were having all these hard times. But while they were doing that, they were funding Hezbollah, they were funding Hamas, they have an access through Venezuela, through South America. They funded terrorism around the world.

Again, as Mr. Issa said, you think of the Khobar Towers, 90 percent of the IEDs that killed or wounded 70 percent of our soldiers in Iraq and Afghanistan were funded by Iran during economic sanctions. Their spread of terrorism around the world has grown in strength with sanctions. And then when we release sanctions somewhat, they are only supposed to get a few billion, but it turned out to be around \$14 billion or more, they go and help Assad.

And you look at their history, and their history pretty much predicts the future of a country like that. When I look at them spon-

soring the assassination attempt of the Saudi Ambassador on our homeland, would it be safe to say, especially when their leaders have been for years, since you were a baby 1 year of age, until the signing of this agreement, or the agreement, saying "Death to America," "Death to Israel," would you consider them maybe an enemy of our state?

Mr. GOLDENBERG. Congressman, the Soviet Union was also an enemy of our state. Iran is an enemy of our state, but we did negotiate—

Mr. YOHO. I am sorry. They are an enemy of our state.

Mr. GOLDENBERG. Yes. And the Soviet Union was also.

Mr. YOHO. That is what I wanted to hear. Will this negotiation, Ambassador Joseph, is it going to strengthen Iran?

Mr. JOSEPH. Most definitely it will strengthen the regime.

Mr. YOHO. Mr. Dubowitz?

Mr. DUBOWITZ. Yes.

Mr. YOHO. Mr. Goldenberg?

Mr. GOLDENBERG. In some areas, and constrain it in others.

Mr. YOHO. With the release of the money, it will strengthen it. So we are strengthening somebody that has shouted death "Death to America," as you stated an enemy of the state, and you are a senior fellow/director, Middle East Security Program, Center of New American Security, right? Center for New American Security.

President Obama said that this deal will make the Middle East, the U.S., and the world safer. Is that correct?

Mr. GOLDENBERG. Yes.

Mr. YOHO. If that is true, why are everybody telling us that we need to bolster our eastern missile defense system, our western missile defense system, our Alaskan and everywhere else?

Mr. GOLDENBERG. I wouldn't necessarily agree with that. I do think we need to take a lot of other steps in the region.

Mr. YOHO. I think we are being naive here to a level of non-comparable analysis, from a guy that has only been here for 2½ years. I don't see this as a good deal. I have only been here 2½ years. I don't see this as a good deal, and I think we should walk away from the table.

Senator Lieberman was here last week. We should run away from the table and put the sanctions back on now, because as Mr. Dubowitz says, snapback is a fallacy; it will never work. Once this goes down—and I hope all of Congress rejects this deal. When you have the Saudi and nobody else, and Israel saying, "Please don't do this deal," I think we should listen. And if we are this lone superpower at the negotiating table, and I see that what we didn't get and what we gave up, I think it is time for us to walk away.

And I yield back.

Chairman ROYCE. The gentleman from Fairfax County, Virginia, Gerry Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman. Wow. I have got to say, I guess I don't have the luxury of having made up my mind yet. Listening to my friend from California, Mr. Brad Sherman, apparently it is all simple and clear-cut. It is real simple.

We can make up our minds before the ink is dry on the treaty, and we even see all the details, or go to a briefing. If we want to delineate this as just another political contest up here, then we

have to be willing to say U.S. national security interest be damned, Middle East security interest be damned, because policy trumps everything.

Now, that is not everybody up here, but it is too many up here. And I would like to see hearings that actually are used to actually explore and illuminate, learn more, question, probe. So I hope these hearings will—that will be the purpose they serve, not to simply reinforce already arrived at a priori convictions, because of some other commitment we have made to some intellectual pursuit that I don't share.

I have heard it is not perfect.

Chairman ROYCE. Will the gentleman yield?

Mr. CONNOLLY. On your time.

Chairman ROYCE. We will have Secretary Kerry here—

Mr. CONNOLLY. I know.

Chairman ROYCE [continuing]. Next week, along with the Secretary of Energy and the Secretary of the Treasury on this, just to—

Mr. CONNOLLY. And I exempt—if I can have my time—but I exempt the chairman from what I just said, because actually at your opening query you brought up something that bothers me, too, which is the non-identified inspection areas and that 24-day period. I think that is a problem, and I think it has to be addressed.

But that has nothing to do with the preconceived notion of whether this is good or bad or hurt Israel or hurt U.S. or the Saudis like it. The notion that people say, "Death to America" in Iran, apparently we should never talk to them, we should never have an agreement that, unrelated to that, actually takes the nuclear equation or is proposed to take the nuclear equation off the table.

What is U.S. interest? That is what we ought to be talking about, and we ought to be hard-nosed about it. And we are all going to come to different conclusions, but I really hope we recalibrate and try to diffuse the politics here. I know that is an impossible request.

But you were trying to point out and got interrupted, Mr. Goldenberg, but, I mean, in the height of the Cold War, the Soviet Union, the last time I checked—I am old enough to remember—was dedicated to the proposition of destroying us and capitalism. Does my memory fail me? I know you were young, but—

Mr. GOLDENBERG. That is correct, sir.

Mr. CONNOLLY. Yes. Did we have any kind of negotiations with the Soviet Union?

Mr. GOLDENBERG. Sir, all the time, on all—

Mr. CONNOLLY. All the time. Did we, including Ronald Reagan, put the nuclear question front and center, irrespective of, not in ignorance of, not to the exclusion of, human rights?

Mr. GOLDENBERG. Absolutely.

Mr. CONNOLLY. Jewish immigration.

Mr. GOLDENBERG. Yes.

Mr. CONNOLLY. Soviet misbehavior in other parts of the world.

Mr. GOLDENBERG. Yes.

Mr. CONNOLLY. Including arming elements that were fighting us.

Mr. GOLDENBERG. Yes.

Mr. CONNOLLY. Ah.

Mr. DUBOWITZ. Yes. But three treaties that were signed——

Mr. CONNOLLY. Mr. Dubowitz, I have not asked you a question.

Mr. DUBOWITZ. Okay. I will wait for your——

Mr. CONNOLLY. This is my time, and I want to give Mr. Goldenberg an opportunity, uninterrupted, to answer my question.

The proposition, Mr. Goldenberg, is made we should just walk away. It is simple. There are no consequences. In fact, I dare say the consequences are highly likely to be positive. Is there at all a conceivable idea that they might be negative?

Mr. GOLDENBERG. I think that is the most likely scenario. We are going to—Iran will resume its nuclear weapons——

Mr. CONNOLLY. If you were putting a probability, just humor me here, but what is the probability you would put on the Russians and the Chinese coming back to the table if we did that?

Mr. GOLDENBERG. Three percent.

Mr. CONNOLLY. Now, I heard a conversation with Mrs. Frankel about U.S. credibility, and I heard Mr. Joseph and Mr. Dubowitz, Ambassador Joseph say, “Well, credibility wouldn’t be that damaged.” I want to explore with you for a minute the idea that the United States of America, the world’s sole surviving superpower, that negotiated and led the negotiations, and led the sanctions, and brought around for the first time in 35 years to the table to talk to us, and wrenched out concessions, would actually renounce its own treaty, the consequences would be relatively mild.

Our credibility wouldn’t be hurt. What do you think the consequences would be next time we said we want to lead a negotiation on Subject X with anybody?

Mr. GOLDENBERG. I think probably it would be very difficult for us to be——

Mr. CONNOLLY. Very difficult. So actually the damage to our credibility could be quite consequential, not minimal.

Mr. GOLDENBERG. I agree with that, sir.

Mr. CONNOLLY. And, furthermore, final thing, we have heard scenarios the Iranians will have to deal with it, and, you know, they have got other problems if we walk away and renounce this deal.

What kind of probability might we put, though, on the opposite, that what this leads to, if we say no, is the hard liners are strengthened in Iran, the very group we don’t want to strengthen, and they accelerate the nuclear program because now they have nothing left to lose.

Mr. GOLDENBERG. Congressman, I think if we walk away, Rouhani and the entire pragmatic faction of Iran is probably done politically, period, end stop.

Mr. CONNOLLY. And what is likely to happen to the nuclear program under that scenario, do you think?

Mr. GOLDENBERG. Accelerate.

Mr. CONNOLLY. It accelerates. And I only submit that we had to explore that, too. We had to explore, as Mr. Dubowitz and Ambassador Joseph and Senator Lieberman pointed out last week, there are consequences for going forward with this agreement. We have to weigh them very carefully.

But we cannot minimize or ignore the consequences of no. We cannot pretend that the alternative isn’t fraught with danger as

well. And we have got to weigh carefully that balance. Which risks are we, as Members of Congress, willing to take on behalf of our country? And for me that is the central question. I haven't made up my mind yet, but I hope that is what we pursue in subsequent hearings.

With that, I yield back, Mr. Chairman. Thank you.

Chairman ROYCE. Thank you.

Colonel Scott Perry from Pennsylvania.

Mr. PERRY. Thank you, Mr. Chairman.

My good friend from Virginia, I don't know what you had for breakfast this morning, but I would like to on occasion have some of whatever makes you delusional about American credibility and what might have been damaged in the last 2 years over this discussion and this—

Mr. CONNOLLY. Mr. Chairman? As a matter of personal privilege—

Chairman ROYCE. You are out of time.

Mr. CONNOLLY [continuing]. It is inappropriate for a Member of Congress to characterize another member at a hearing or on the floor of the House as delusional. I ask my friend to withdraw and retract the remark. It is inappropriate as a member of a Congress.

Mr. PERRY. I will indeed withdraw my remark.

Mr. CONNOLLY. I thank my friend.

Chairman ROYCE. And let us get on to the question of questioning the witnesses here, shall we?

Mr. PERRY. Mr. Chairman, absolutely, although I would say the question of credibility—I must return to that essentially. We don't have any credibility left on the planet in foreign relations as far as I am concerned, basically due completely to this administration and the things they have done now and throughout their time in office.

That having been said, Ambassador, do we consider Iran a rational actor as a state?

Mr. JOSEPH. Sir, I think they are rational. I think they are a rogue state, but they are rational.

Mr. PERRY. They are rational. Indeed, is North Korea rational or irrational or non-rational?

Mr. JOSEPH. Sometimes I look at North Korea's behavior and I think they are more rational than we are with regard to our North Korea policy.

Mr. PERRY. How about with regard to Iran?

Mr. JOSEPH. As I said, I think Iran is—the Iranian leaders are rational, but rationality may be something that differs between Tehran and Washington.

Mr. PERRY. Willing to give up the lives of many of their countrymen—Iran, that is—and North Korea for that matter, but in this case Iran, for quest of their mission so to speak?

Mr. JOSEPH. Absolutely. They have demonstrated that over and over for decades now.

Mr. PERRY. Right. Decades. Decades. Millions—not millions, hundreds of thousands, maybe millions dead at the cost of this quest.

And it says in the agreement that this agreement, if you—I am sure you have read it. I have now twice. Built on mutual respect in the near—in the beginning of the thing. Built on mutual respect. And respect is earned over a period of time based on your actions,

correct? I mean, that is my—would be one of my definitions or character—

Mr. JOSEPH. Well, real respect is. I think this is more of diplomatic nicety. When you have, you know, thousands of Iranians chanting “Death to America” in the streets within hours after the signing of the agreement, I wonder about the respect of—

Mr. PERRY. I mean, I guess what I am getting to is the agreement isn’t necessarily based—not necessarily, it is not at all based in factual actions that can be documented. It is based on the hope that things will change.

Mr. JOSEPH. I think it is—

Mr. PERRY. From our—

Mr. JOSEPH [continuing]. Triumph of hope over experience. Absolutely.

Mr. PERRY. So, as I read it, sanctions relief happens early next year under this agreement, things all happening essentially at the same time. Sanctions relief happens almost immediately. That is our part of the deal, right? We relieve you of the sanctions that are imposed upon you, and they agree to minimize their enrichment, move and store some of the enrichment capability, and then work on redesigning facilities, not dismantle facilities.

And they are not redesigned at that time. There is a road map, as it says in the agreement, for redesign. Is that—and get rid of some of their stockpile that we know of, not including stockpiles and materials provided by the Russians. Is that pretty much it?

Mr. JOSEPH. That is pretty much it.

Mr. PERRY. Yes. So they get essentially—essentially, we give everything away, like everything we have, that is the sanctions. That is what we have, right? We have sanctions.

Mr. JOSEPH. It is even worse than that. It is more than sanctions. It is the release of their assets, which—

Mr. PERRY. Right.

Mr. JOSEPH [continuing]. You know, is the signing bonus.

Mr. PERRY. Right. The 150 billion, right, or thereabouts. Not 13 billion or 14 billion or million, 150 billion, in an economy 300 billion or 400 billion. So it is almost half of their economy they get one fell swoop.

Mr. JOSEPH. I think the 12 billion to 20 billion was what they got when they signed the first agreement—

Mr. PERRY. Right.

Mr. JOSEPH [continuing]. In November 2013.

Mr. PERRY. So you just look at the scale of the deal, like if you were buying a car, would this be a good deal. And it seems like you are not getting much car for a lot of money, right? I mean, in that—

Mr. JOSEPH. This is a bad deal.

Mr. PERRY. Yes. Let me ask you, why is Iran a member of the Commission? If we feel so badly about them and they are bad, they are a rogue actor, not—why are they even a part—if a convict is sentenced, do we allow the convict to then sit on the jury? Is that what has happened here?

Mr. JOSEPH. Sir, I think this is just another example of breaking every rule of good negotiations.

Mr. PERRY. Has it happened ever before?

Mr. JOSEPH. Well, there have been joint commissions that were set up in the arms control world with the Soviet Union, but I think here you have clearly a rogue state.

Mr. PERRY. The 24 days where we dispute something, that is only the beginning, right? Isn't there another 35 days minimum—

Mr. JOSEPH. Yes.

Mr. PERRY [continuing]. To fight that out? Minimum.

Mr. JOSEPH. Minimum.

Mr. PERRY. Minimum 35 days. This might go on interminably while we have no idea what they are doing. And it is all predicated on IAEA inspections.

Last question, Mr. Chairman. Thanks for your indulgence. Are there going to be Americans inspecting?

Mr. JOSEPH. No.

Mr. PERRY. Great.

Thank you, Mr. Chairman.

Chairman ROYCE. Judge Ted Poe of Texas.

Mr. POE. Thank you, Mr. Chairman.

Thank you all for being here. Are any of you aware of so-called secret side deals that we are just now learning about? We will just go down the row. Mr. Joseph?

Mr. JOSEPH. I am aware of what I have read in the newspaper about the secret arrangements with the IAEA in Iran on the question of Parchin and the potential military dimensions, the 12 activities that Iran has engaged in, all related to weaponization.

Mr. POE. Okay. Have you seen this so-called secret deal?

Mr. JOSEPH. No, I have not.

Mr. DUBOWITZ. I am aware of letters that Secretary Kerry has provided to the Europeans and the Chinese assuring them that we will not snapback sanctions against their companies, and, therefore, enabling them to invest tens of billions of dollars back into the economy, deals which will be grandfathered in in a snapback scenario.

Mr. POE. So you know about the secret deals.

Mr. DUBOWITZ. It hasn't—my understanding is it is not classified, but certainly it is not being publicly discussed in the way it should be.

Mr. POE. All right.

Mr. GOLDENBERG. Congressman, I would say it is probably wise to—you know, just from conversations with the administration and friends in there, my understanding is you should really ask them.

My understanding is that these are usually agreements that traditionally are signed with IAEA and a lot of different cases that are kept between the IAEA bilaterally, but that the administration should absolutely be here briefing you, and I hope they do, on all of the details of that agreement.

But they don't even necessarily have the paper, and it has a lot to do with the fact that, you know, there are certain elements that you don't want to get out publicly, period, about nuclear weaponization and whatnot. But honestly, Congressman, I would really suggest talking to the administration about it.

Mr. POE. Susan Rice says that there are some deals that she will let us—she says she will let us know about.

Moving on to something else, crude oil sanction lifting. Now, I am from Texas, and I am confused in the sense that we are going to lift the sanctions on Iran exporting their crude oil, but the U.S. Government is still not going to lift the sanctions on the United States exporting our crude oil, or the prohibition against exporting crude oil.

It seems like, you know, in Texas we want the same deal the Iranians are getting, and we will even promise not to develop nuclear weapons. But the Iranians exporting crude oil, will we be buying that crude oil? I am just opening that up. So is the United States going to end up buying Iranian crude oil that is lifted from the sanctions? Any of you.

Mr. DUBOWITZ. Well, I mean, oil is a global market. Iranian medium and heavy sour crude will be sold by oil traders around the world. It is entirely possible that U.S. refineries end up buying Iranian crude, unless there is some way and there is some forensic process to figure out whether that molecule of oil that is actually coming into the United States came from Iran or came from some other country that sells an equivalent heavy or medium sour blend.

Mr. GOLDENBERG. Although, Congressman——

Mr. POE. Just a second. I only have a few minutes.

I understand that. It is a world market. Crude oil is a world market. They put more crude oil on the market, and then whoever buys it buys it. It seems ironic to me.

The other question I have, is their cash. There has been a discussion about how much money they are going to actually get, from 50 billion to 150 billion. Hey, billions is billions to me. However much money they get, what is to prohibit them from using the cash they have to continue to be the world's largest state sponsor of terrorism? What is to keep them from sending money to their terrorist groups throughout the world to cause havoc? Is there any prohibition in this agreement that prohibits that from occurring?

Mr. JOSEPH. There is no prohibition at all on that. And in fact, if you look at what the Supreme Leader said following this negotiation, they are going to continue to support their allies, like Assad, and their friends, like Hezbollah and Hamas. They are going to continue to do this, and they are going to continue to foment instability throughout the region. They say they are going to do that with——

Mr. POE. Okay. Last question. No, excuse me. I have to ask the questions. Is not the best hope and policy of the United States—should it not be that there should be a regime change in Iran, a peaceful regime change, free elections, and that would be the best, safest hope for the world and Iran is if they had a regime change? Yes or no.

Mr. DUBOWITZ. This deal makes no sense unless that happens, because you would never want to give the same hard men of Iran and the Revolutionary Guards an industrial sized nuclear program with near zero breakout and an I.C.B.M. So President Obama is betting the future of American national security on exactly that scenario, a peaceful transformation.

And if he gets it wrong, then the same hard men who rule Iran will have an industrial sized program, near zero breakout, an I.C.B.M. And not 100 billion, but hundreds and hundreds and hun-

dreds of billions of dollars that Iranians will get over the lifetime of this agreement.

Mr. JOSEPH. This deal makes it more difficult for a regime change. This deal strengthens the current regime, gives it more tools to repress its people. And because it has a nuclear option, it will feel less threatened by outside intervention and more able to continue to repress its own people.

Mr. POE. I yield back.

Chairman ROYCE. We are going to go to the gentleman from Jackson County, North Carolina, Mark Meadows.

Mr. MEADOWS. Thank you, Mr. Chairman.

Thank each of you for your time today. I guess I am the last one up before closing remarks. And so I have watched all of you. Mr. Goldenberg, would you say that, based on your non-verbal and your verbal cues, that you are the smartest one at that table?

Mr. GOLDENBERG. No.

Mr. MEADOWS. Okay. So if I have questions about the deal, then who at that table should I ask, other than you? If you are not the smartest one, who should I ask?

Mr. GOLDENBERG. I think you should ask all three of us. I think three different people can have different perspectives on a very difficult problem.

Mr. MEADOWS. Okay. Well, let me—because I have some sincere questions, and it sounds like you have talked to the administration on this deal. Is that correct?

Mr. GOLDENBERG. I do talk to them occasionally.

Mr. MEADOWS. Occasionally. All right. So let me ask you, as it relates to ballistic missiles and arms sales, that is a 5- and 8-year, or vice versa, 8- and 5-year, respectively, kind of caveat. Is that correct?

Mr. GOLDENBERG. Yes.

Mr. MEADOWS. Okay. Well, so explain to me how the second part of that paragraph says “or until the date on which the IAEA submits a report confirming a broader conclusion, whichever is earlier.”

Mr. GOLDENBERG. I think—

Mr. MEADOWS. So could we have ballistic and arms sales a year from now?

Mr. GOLDENBERG. If Iran goes above and—far above and beyond what we expect and is committed to the deal in this agreement, maybe the IAEA comes to that conclusion. I am highly skeptical.

Mr. MEADOWS. All right. So your testimony—let me—because this is headline-making right here. Your testimony is ballistic arms sales and ballistic missile sales and arms sales could happen a year from now if Iran goes above and beyond, and the IAEA, not Congress, not the U.N., but the IAEA confirms that. Is that your testimony?

Mr. GOLDENBERG. I think it is not physically possible for Iran to do everything it would need to do to—

Mr. MEADOWS. But your testimony was—so you are changing your testimony.

Mr. GOLDENBERG. I guess I phrased it differently, but I would say that the likelihood of that is infinitesimal.

Mr. MEADOWS. All right. So what about 2 years?

Mr. GOLDENBERG. Still incredibly low.

Mr. MEADOWS. Three years?

Mr. GOLDENBERG. I think—honestly, I think that I don't speak for the administration, and you should ask them about this.

Mr. MEADOWS. No. You have been talking to them. You have been speaking for a lot of people this morning. I have been listening to you. So here is my question. Do the 8-year and 5-year notes and timeframes really mean anything with that last little sentence? Because it could happen earlier. Isn't that correct? You are the smartest guy in the room now.

Mr. GOLDENBERG. I think—

Mr. MEADOWS. Could it happen earlier?

Mr. GOLDENBERG. I am happy—

Mr. MEADOWS. I am not asking for probabilities. Yes or no. Could it happen earlier? Yes or no.

Mr. GOLDENBERG. Could.

Mr. MEADOWS. Okay. Yes. So let me ask you another question, because I am confused. I have heard Secretary Kerry sitting almost exactly in your same place saying climate change is the number one national security threat that we face. That is what I have heard. Would you agree with that?

Mr. GOLDENBERG. Congressman, I am not an expert on climate change.

Mr. MEADOWS. All right. So let me ask you a different question. Why do you think the sale of coal to Iran from the United States on a President who has talked about climate change and has a war on coal, why do you think they would put the sale of coal in this particular deal and selling to Iran? Does that not seem odd to you?

Mr. GOLDENBERG. I am not familiar with that provision or precisely how you—

Mr. MEADOWS. Well, I thought you read the deal.

Mr. GOLDENBERG. I absolutely read the deal.

Mr. MEADOWS. And so you didn't see that in there. I have.

Mr. GOLDENBERG. Okay.

Mr. MEADOWS. Do you trust me on that?

Mr. GOLDENBERG. Sure.

Mr. MEADOWS. Okay. All right. So let me ask you one last question. Your testimony here today is that the Middle East and Israel will be safer under this deal. Is that correct? Let me—because there was a question here by Mr. Yoho and you said they will be safer.

Mr. GOLDENBERG. I believe so.

Mr. MEADOWS. Okay. So let me ask you this question. Reconcile this for me. If it is safer, why did this administration immediately send someone to Israel to give them and augment their military capability when we haven't done that before? We immediately set out to help them. So if it was going to be safer, why are we giving them more money for military in Israel?

Mr. GOLDENBERG. Because we are partners. And they obviously have anxieties about the agreement. I don't think people can disagree about what the agreement actually says, or people can disagree about whether it is a good agreement or not. Obviously, we have disagreements with some of the political leadership in Israel. There is also a lot of this—

Mr. MEADOWS. So we are going to give——

Mr. GOLDENBERG [continuing]. Security establishment in Israel that if you talk to them has a much more nuanced perspective, and some of them are anxious, some of them are supportive, some of them are opposed, and so I think that it is—one thing we can do is, when you do something that a friend of yours clearly is not happy about it, you go try to find other ways to reassure them and let them know we are still there are for you for——

Mr. MEADOWS. Well, I thought you might say that, but the only problem is Ashton Carter said that that is not the reason he is doing it. There is quote out there that says, no, he is not trying to appease them. So it is either one or the other.

And with that, I will yield back, Mr. Chairman.

Chairman ROYCE. I thank the members. We thank the witnesses. We appreciate their appearance here this morning. These are critical issues that have been raised, and we are going to have an opportunity next week to further explore those issues with our Secretary of State, Secretary of the Treasury, and Secretary of Energy.

So, for now, this hearing is adjourned. Thank you.

[Whereupon, at 11:28 a.m., the committee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE RECORD

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-6128

Edward R. Royce (R-CA), Chairman

July 23, 2015

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building (and available live on the Committee website at <http://www.ForeignAffairs.house.gov>):

DATE: Thursday, July 23, 2015

TIME: 9:00 a.m.

SUBJECT: Implications of a Nuclear Agreement with Iran (Part III)


WITNESSES: The Honorable Robert Joseph, Ph.D.
Senior Scholar
National Institute for Public Policy
(Former Under Secretary of State for Arms Control and International Security)

Mr. Mark Dubowitz
Executive Director
Foundation for the Defense of Democracies

Mr. Ilan Goldenberg
Senior Fellow and Director
Middle East Security Program
Center for a New American Security

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.



COMMITTEE ON FOREIGN AFFAIRS
MINUTES OF FULL COMMITTEE HEARING

Day Thursday Date July 23, 2015 Room 2172

Starting Time 9:10 Ending Time 11:28

Recesses 0 (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____) (____ to ____)

Presiding Member(s)

Chairman Edward R. Royce

Check all of the following that apply:

Open Session ☒

Executive (closed) Session ☐

Televised ☒

Electronically Recorded (taped) ☒

Stenographic Record ☒

TITLE OF HEARING:

Implications of a Nuclear Deal with Iran (Part III)

COMMITTEE MEMBERS PRESENT:

See attached.

NON-COMMITTEE MEMBERS PRESENT:

none

HEARING WITNESSES: Same as meeting notice attached? Yes ☒ No ☐

(If "no", please list below and include title, agency, department, or organization.)

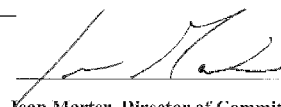
STATEMENTS FOR THE RECORD: (List any statements submitted for the record.)

SFR - Connolly

TIME SCHEDULED TO RECONVENE _____

or

TIME ADJOURNED 11:28



Jean Marter, Director of Committee Operations

HOUSE COMMITTEE ON FOREIGN AFFAIRS
FULL COMMITTEE HEARING

<i>PRESENT</i>	<i>MEMBER</i>
X	Edward R. Royce, CA
X	Christopher H. Smith, NJ
X	Ileana Ros-Lehtinen, FL
X	Dana Rohrabacher, CA
X	Steve Chabot, OH
	Joe Wilson, SC
	Michael T. McCaul, TX
X	Ted Poc, TX
X	Matt Salmon, AZ
X	Darrell Issa, CA
	Tom Marino, PA
	Jeff Duncan, SC
X	Mo Brooks, AL
	Paul Cook, CA
X	Randy Weber, TX
X	Scott Perry, PA
	Ron DeSantis, FL
X	Mark Meadows, NC
X	Ted Yoho, FL
	Curt Clawson, FL
	Scott, DesJarlais, TN
	Reid Ribble, WI
X	Dave Trott, MI
X	Lee Zeldin, NY
X	Dan Donovan, NY

<i>PRESENT</i>	<i>MEMBER</i>
X	Eliot L. Engel, NY
X	Brad Sherman, CA
	Gregory W. Meeks, NY
X	Albio Sires, NJ
X	Gerald E. Connolly, VA
X	Theodore E. Deutch, FL
X	Brian Higgins, NY
	Karen Bass, CA
X	William Keating, MA
X	David Cicilline, RI
	Alan Grayson, FL
	Ami Bera, CA
X	Alan S. Lowenthal, CA
	Grace Meng, NY
X	Lois Frankel, FL
X	Tulsi Gabbard, HI
	Joaquin Castro, TX
X	Robin Kelly, IL
	Brendan Boyle, PA

Statement for the Record

Submitted by Mr. Connolly of Virginia

The final Iranian nuclear agreement announced by the P5+1 is the product of earnest diplomacy, but much work remains before we can deem this effort a success. The bipartisan Iran Nuclear Agreement Review Act of 2015 enacted in May requires that the President transmit the text of the agreement to Congress for review. Congress is currently in receipt of the agreement and technical annexes and conducting its appropriate and statutory duty to review the merits of the deal concluded by negotiators.

Verification, transparency, and compliance are the foundation of any acceptable agreement. This begins with an intrusive inspections regime capable of assuring the world that Iran's nuclear program is entirely peaceful. It is Iran's responsibility to bring its nuclear program in full view of international inspectors and strictly adhere to the terms of the agreement. It is the policy of the United States that Iran will not obtain a nuclear weapon, and that black and white policy will not tolerate ambiguity in Iran's compliance with a nuclear verification regime.

According to the International Atomic Energy Agency (IAEA), Iran has started down a path of compliance under the interim Joint Plan of Action (JPOA). The JPOA has demonstrated that an effective nuclear agreement can constrain Iran's nuclear program. The JPOA has arrested the Iran nuclear program on several fronts and has actually reversed gains Iran made while developing its program outside the purview of international inspectors. Before the JPOA went into effect, Iran was enriching uranium stockpiles, constructing a heavy water reactor at Arak, readying 9,000 additional centrifuges for operation, and allowing inspectors only sporadic access to nuclear facilities. Under the JPOA, Iran has eliminated all 20 percent enriched uranium, suspended all enrichment above 5 percent, stopped construction at Arak, kept 9,000 centrifuges offline, and provided inspectors with daily access to its nuclear facilities.

Absent the implementation of an acceptable nuclear agreement with Iran, the Iranian nuclear program would once again be opaque and no longer restrained by strict limitations. The countries of the world that have a strict policy of preventing a nuclear Iran, including the U.S. and a number of our allies, would be left with a scenario that could demand immediate and decisive action. Our remaining options would be limited in both variety and efficacy. During General Michael Hayden's testimony before the House Foreign Affairs Committee, Subcommittee on the Middle East and North Africa in November 2014 he affirmed that the euphemistically termed "kinetic" option would "guarantee that which we are trying to prevent, an Iran that will stop at nothing, in secret, to develop a nuclear weapon."

The diplomacy conducted by Secretary Kerry and his negotiating team has offered the world a potential alternative to the "kinetic" option. As a senior member of the House Foreign Affairs Committee, I will be carefully reviewing the text of the agreement to determine if it meets the high standard to which we should hold a nuclear agreement with Iran.